

103

SIMPLIFYING THE MAZE OF FEDERAL EMPLOYMENT TRAINING PROGRAMS

Y 4. G 74/7: EM 7/18

Simplifying the Maze of Federal Emp...

HEARING
BEFORE THE
EMPLOYMENT, HOUSING, AND AVIATION
SUBCOMMITTEE
OF THE
COMMITTEE ON
GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS
SECOND SESSION

MAY 3, 1994

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE

82-222 CC

WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-044784-4

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SIMPLIFYING THE MAZE OF FEDERAL EMPLOYMENT TRAINING PROGRAMS

TUESDAY, MAY 3, 1994

**HOUSE OF REPRESENTATIVES,
EMPLOYMENT, HOUSING, AND AVIATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, DC.**

The subcommittee met, pursuant to notice, at 10 a.m., in room 2247, Rayburn House Office Building, Hon. Collin C. Peterson (chairman of the subcommittee) presiding.

Present: Representatives Collin C. Peterson, Bobby L. Rush, William H. Zeff, Jr., and Christopher Shays.

Also present: Joy Simonson, professional staff member; June Saxton, clerk; and Joe McHugh, minority professional staff, Committee on Government Operations.

OPENING STATEMENT OF CHAIRMAN PETERSON

Mr. PETERSON. The subcommittee will come to order.

Today the Employment, Housing, and Aviation Subcommittee continues its series of hearings on employment training programs of the Federal Government. Two months ago we heard from the General Accounting Office, the National Governors Association, and officials from three State labor agencies about the severe problems caused by fragmentation of these programs.

The GAO reports that there are 154 training programs in 14 Federal agencies, costing about \$25 billion a year. The programs have overlapping target groups and different eligibility criteria, funding streams, structures, and reporting systems. This bureaucratic maze of programs frustrates and confuses the public, service providers and, worst of all, the job seekers in need of help.

We can no longer tolerate the waste of Federal money, the waste of money at the Federal, State, and local levels which results from this uncoordinated crazy quilt of programs.

The administration has proposed a Reemployment Act which moves toward an integrated system by merging several dislocated worker programs within the Labor Department. This hearing is not the forum to review the bill in any detail. The subcommittee is looking beyond this constructive first step in search of broader interagency or governmentwide measures.

We know that ours is not the first effort to achieve coordination among education and training services. The Job Training Partnership Act, for example, provides an 8 percent setaside for coordination of education and training services at the State and local level. The Carl Perkins Vocational Education Act requires that State vo-

cational education plans be submitted to State JTPA coordinating councils.

The Family Support Act of 1988 directed Labor, Education, and Health and Human Services to work together to provide technical assistance to local job programs.

At the White House level, there have been some attempts at coordination as well. In 1987, for example, a Low Income Opportunity Board composed of the OMB and seven departments facilitated waivers for States wanting to experiment with public assistance initiatives. In 1990, the Board was replaced by an Economic Empowerment Task Force intended to enhance coordination. Meanwhile, the number of programs continues to expand and not shrink in spite of all these efforts.

In January 1994, the National Governors Association wrote to President Clinton welcoming the attention to work force development issues but stating: "Just as responsibility for job training is scattered across numerous Federal agencies, reforms in these programs are proceeding in a piecemeal way which mirrors and will add to the fragmentation of Federal job training efforts."

The President responded in February, saying that he had established an administration oversight group charged with leading coordination efforts. Our repeated inquiries have uncovered no evidence of progress toward this important goal.

Today we have a unique opportunity to ask key officials of five agencies with major pieces of the employment training pie what they are doing to simplify and coordinate their programs. What are their recommendations for next steps toward creation of an effective work force development system? Cooperation and coordination are popular words these days, but how much do they actually influence government agencies in real life?

I hope this joint appearance will prove useful for our witnesses as well as enlightening for the subcommittee.

Our Members recognize that much of the current multiplicity of employment training programs can be laid at the door of Congress. One authority summarized the coordination problem as too many administrative agencies providing too many assistance programs under the oversight of too many congressional committees, which is probably true.

It is true that our convoluted committee system and our responsiveness to constituents and interest groups have led to the creation of multiple programs. Therefore, we have asked the witnesses to suggest both legislative and administrative remedies for the employment training maze.

With this ambitious goal, I am pleased to welcome all of you here today and will recognize the distinguished ranking minority member of the subcommittee, Mr. Zeff of New Hampshire, for a statement.

Mr. ZELIFF. Thank you, Mr. Chairman. And I appreciate you for calling this hearing today. This is the second in a series the subcommittee plans to hold this year on the Federal employment and job training programs.

According to the GAO, there are 154 Federal employment and job training programs costing the American taxpayer some \$24 billion

a year. In my view, many of these programs are duplicative and program efficiency seems mired in layers of bureaucracy.

The result is that too much money stays here in Washington to support the bureaucracy when it could be used to actually train workers. During our last hearing, we had the opportunity to hear from a panel of State program directors. Their testimony highlighted the frustration they deal with in managing a wide array of Federal programs, each with its own mandates and funding streams.

One State director told us he was forced to perform a major overhaul of his State programs because he could not wait for the Federal Government to begin to consolidate job training programs into a more workable system. He is not alone in expressing frustration and bewilderment over the current program structure.

The media too has given the public a steady diet of job training horror stories. It is clear to us that we can no longer tinker around the edge of our job training programs and call it reform. Fixing these programs, and by that, I mean serious program consolidation, training people for jobs that exist, and regular evaluation outcome measures would be a meaningful approach and would make a difference.

I have spent a significant part of my life in the area of job training and I find disheartening that we have reached a point in this debate where some have even begun to question if job training really makes a difference at all. I think it can and that it needs to be continued, but we need to make sure that the resources hit their mark.

Therefore in the next few weeks, I plan to introduce legislation that will be a significant step in meeting the previously mentioned goals.

Again Mr. Chairman, I am glad that we are having this hearing today. I look forward to the testimony from the representatives of the four departments which together account for nearly 80 percent of all programs. I would guess this is one of the few times that all of these people have testified together on job training matters.

And hopefully better coordination will lead to better results, I look forward to today's hearing.

Mr. PETERSON. Thank you Mr. Zeff.

Any other members that have statements, they will be made a part of the record without objection.

Our panel today is Douglas Ross, Assistant Secretary for Employment and Training Administration, Department of Labor. Dr. Augusta Souza Kappner, Assistant Secretary of the Office of Adult and Vocational Education, Department of Labor—I am sorry, Education.

We are going to move you over there. We are going to get you consolidated one way or the other. Dr. David Longanecker, Assistant Secretary for Postsecondary Education, Department of Education; Dianne Dawson, Acting Director of Office of Family Assistance, Administration for Families and Children; and Celia Dollarhide, who is Director of Education Services for the Department of Veteran Affairs.

We would like to welcome you all to the committee, and look forward to your presentation. It is a custom in the Government Oper-

ations Committee hearings, which are investigative hearings, to swear in all witnesses so that we do not discriminate against any of them.

Do any of you have an objection to being sworn in? If not, would you please rise?

[Witnesses sworn.]

Mr. PETERSON. Be seated. Your full statements will be made part of the record, so if you could try to limit your remarks to about 10 minutes apiece or less so that we could get to questions. I have quite a few questions. I assume Mr. Zeliff has some, too.

So as I say, your full statement will be made a part of the record. And if you could keep it to 10 minutes, that would be great.

We will start with Mr. Ross. Welcome to the committee. We appreciate seeing you again, and look forward to your testimony.

STATEMENT OF DOUGLAS ROSS, ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY KAREN GREENE, DIVISION OF PERFORMANCE MANAGEMENT EVALUATION

Mr. Ross. Thank you, Mr. Chairman and Congressman Zeliff. It is a pleasure to be back in front of this committee.

I am particularly pleased to have the opportunity, which I think you appropriately characterized as the urgent need to turn what has become a hodgepodge of Federal employment and training programs into a coherent customer-driven system, to talk about some of the strategies that we think make sense for accomplishing this formidable task and also review some of the actions that we are individually and collectively engaged in trying to pursue.

Clarence Crawford, of GAO, who testified before you at your March hearing, spoke about four principles that at least he and the GAO believed were critical for building such a comprehensive system, and he talked about simplicity, tailored services—and by that I mean customized services that meet the needs of whoever walks through the door—administrative efficiency, and accountability, particularly outcome measured accountability.

We very much agree with those as principles and would like to add two more that we think are important strategically. One is universality. We think essentially that all Americans now at one time or another need information about what is going on in the labor market, need access to some good brokerage or counseling, and at different times all of us are likely to need access to new skills or new learning along the way. We would add universality as a key part of the system.

And finally quality achieved through market-driven systems that offer customers informed choices.

If I may, I think it is not—having come from the State side, Congressman Zeliff, myself, in terms of my own experience, I found that coordination was, as some would put it, kind of an unnatural act between nonconsenting adults. It doesn't work for a good reason.

It still define things in terms of separate programs that somehow are asked to share sovereignty or give up sovereignty, it is not something that people readily do. We believe that the way to achieve the kind of integration that makes sense for our customers,

the American people, is really much more through giving people, customers themselves, choices among different providers.

And in that way, a system gets integrated through our ability to make choices, making people figure out how to serve customers better. The whole notion of approaching this from a market driven perspective where customers have real choices is a final important principle to us.

As we have tried to look at this issue, we see it not so much in terms of the variety of programs or adding more programs or even necessarily eliminating programs, but more in terms of labor markets that serve people's needs. A place where I can go in my local community and get the resources I need to take charge of my job life, or as a business person, to find the skilled people I need or get the training I need for my folks.

As we look at most labor markets we find three areas of weakness. No. 1, it is hard to find a good relevant individual or business that can help you make choices about training, which training provider to go to and all the other choices you make when you are trying to take charge of your own job life.

Second, there are not good, credible brokers or places to go to get counseling. I know I have to make decisions. The consequences are mine. Frequently some of the money spent is mine. Certainly the time spent is mine. It is a complex marketplace. I need someone to talk to who is knowledgeable and is concerned about me, who has no conflict of interest, who is not in the training business, otherwise, I get self-referred.

It is like doctors who own their own labs. I am not sure that you need the tests, and timely purchasing power, people tend not to have the money when they need it. They need it when they are laid off and that is exactly when their income is down.

Now, we have adopted some strategies. We have tried to embody them in the Reemployment Act, but hearing your admonition, Mr. Chairman, about not focusing on that act, let me draw the principles out. The first is truly as the GAO and others have talked about, consolidating programs into a single stream of revenue that serve like customers. That is why, as a first step, the Reemployment Act takes the six or eight, depending on how you count them, largest Federal programs that hold out resources for people who are permanently laid off and puts them into one income stream. Get all the separate qualifications and certifications and all of the administrative costs.

When you walk in and out of work, you need a job. We have to spend a fair amount of time figuring out which of the six or eight programs you qualify for. Who cares? You need access to tools to build your future.

Second, we want to build these—or encourage States and locals to build these kinds of one-stop systems where you can go for information and some help in making decisions. That is a terrific place from the customer's point of view to do an enormous amount of consolidation and integration.

One-stop centers, as we are talking about them in the Reemployment Act, would allow a local area to integrate some dozens of programs on the GAO list. You can walk into a career center in Maine, for example, now, and sit down. And they have developed software,

which is the real coordination in my mind, and by answering a set of questions, you don't need to know the 150 pots, they have built it into their software package and they end up in a sense pulling together your account, what are the resources, given who you are, your specific circumstances, that are available to you, kind of assembled.

So you see what you have to work with and what you are eligible for. It is another more powerful form of consolidation, which is integrated delivery systems.

And then the third one, which is critical and which we really need to come to you for because it doesn't exist in the JTPA or the employment service, is some waiver authority so that when those State and local officials like those you heard from in March come forward and say, look, you have all of these programs. It is as if you built separate railroads. They have different track gauge. We can't run our train across all of them if you are an individual.

Give us the authority, consistent with the intent of the law and who is supposed to be served, to create a common gauge at the local level so if you are a low-income person, and it makes sense to draw some resource from JOBS or from JTPA or some of these others, we can fit it all together.

So consolidating like programs at the Federal level simplifies things. Creating systems at the local level that allow you to come in and get served and draw from all the pots, kind of invisibly, seamlessly. And third, some waiver capacity so that there is the ability to build these things and customize them at the local level where real people get served everyday.

Now, in addition to that, we collectively at this table, and broadly throughout the administration, have also been put into some of these common enterprises. And I wanted to take a second and report on a few.

We are working to develop a common set of system components for all these different programs, definitions, performance measures. There is an interagency working group on common core elements and definitions and reporting systems, and we are actually going to be submitting a report to Congress next month reflecting a lot of work which would, again, go to creating the same gauge so that we don't have all of these different railroads.

Skill standards, which is something that you enacted just recently, is an opportunity to allow employers, industry, with unions and educators, to define what people need to learn across America to be prepared to enter certain broad occupational areas. That has a powerful integrating factor across different programs and different training providers.

And we are also doing a lot of group interactive work, which you will hear more about in the welfare field and the education field where we are being asked to not coordinate, but to actually make things happen jointly. And that leads to a very different outcome.

I would just say in closing, Mr. Chairman, and members of the committee, that we really do welcome this opportunity to work with you, the General Accounting Office, other Federal agencies, our State and local partners who we have been doing an awful lot of working with now, because we don't deliver almost anything to anybody, it is through them.

They are the real interface with the customer, to create a system that is universally and easily accessible, market-driven, customer-oriented and reduces administrative cost to the lowest level consistent with assuring quality services and integrity in the use of the funds.

As President Clinton said from the beginning, it is about putting people first, and any system that fails to do that must be changed and too much of our current system doesn't do that well enough yet.

Thank you very much.

Mr. PETERSON. Thank you Mr. Ross.

[The prepared statement of Mr. Ross follows:]

STATEMENT OF
DOUG ROSS
ASSISTANT SECRETARY OF LABOR
EMPLOYMENT AND TRAINING ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON
EMPLOYMENT, HOUSING AND AVIATION
COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
May 3, 1994

Chairman Peterson, Congressman Zeliff and distinguished Members of the Subcommittee:

Thank you for this opportunity to address issues regarding the multiplicity of Federal employment and training programs. I welcome this opportunity to engage in a dialogue with you on how to create a more coherent, responsive and cost-effective system for providing employment, training and occupational education services.

I would like to focus today on the principles and goals to guide the creation of such a system, the progress we have made in meeting those principles and goals, and the new directions that the Labor Department is taking. The specific data and information that you requested on major employment and training programs administered by the Department of Labor have been provided to the Subcommittee.

Principles for a New System

As Clarence Crawford of GAO noted in his testimony before you in March, there are several key principles that can help in designing a new comprehensive, customer-oriented system for employment and training programs. The principles noted by Mr.

Crawford were: simplicity, tailored services, administrative efficiency and accountability.

These principles are similar to those which Secretary Reich and I have espoused. We would add other principles, however: universal access and high quality through market-driven services and innovation. These two additional principles are designed to assure that **all** those who seek assistance in making labor market transitions will have access to services and that our efforts to change the system will be driven by a relentless concern for improving quality, effectiveness, and customer satisfaction. If the initiatives in which we invest don't help our customers get the jobs they want and are qualified for, or fail to help businesses find the skilled workers they need, we are failing. It's that simple.

These principles -- universal access, simplicity, high quality, tailored services, administrative efficiency and account-ability -- provide a test and a boundary for whatever changes the Administration and Congress propose. Such principles are also the cornerstones of our vision of a new system -- one that will knit together information on the diverse providers of services at the local level; ensure that there is high quality and continuous improvement in service quality; and extend to a far larger number of people access to the kind of comprehensive, tailored services, and high-quality training and education that many need. Finally, such a system should fully mobilize all resources, including those in the public and private sectors and

within individuals themselves. An emphasis on self-reliance and initiative for both workers and employers must therefore be incorporated into this system.

Universal Access and Simplicity

Creating universal access and simplicity from the customer's point of view are the guiding principles behind our proposal in the Reemployment Act to create a system of career centers providing a common point of access to comprehensive services for all dislocated workers. The legislation goes further, however. It also would allow States to create One-Stop Career Centers, from which any jobseeker or explorer in the labor market would be able to receive high-quality information on careers, jobs, education and training options and resources, as well as hands-on assistance in making informed choices, all with a minimum of red tape.

In order to assure universal access in a common system, we have also proposed the creation of computer-based information systems on job vacancies, national and local labor market trends, schools, courses and performance of providers. This new labor market information system should make it possible for improved service across a host of sites and providers, regardless of the source of funding or the formal programs involved. This will eventually build the quality and dramatically widen the availability of information to all actors in local labor markets, including employers, jobseekers, and local training and employment institutions and organizations.

Quality and Tailored Services

The principle of improved quality to meet customer needs and provide tailored services is a guiding principle in all our initiatives. It is the principle behind requiring that a set of core services be provided in career centers and that centers be held accountable for meeting a set of performance standards that include customer satisfaction for both workers and employers. It is also the underlying principle for using market-driven approaches for ensuring accountability that I will discuss later.

Providing services tailored to individual needs and preferences is also the principle behind the requirement that individual reemployment plans be developed for dislocated workers who are not able to find jobs through the basic services made available in career centers.

Improving service quality and effectiveness and promoting innovation are also woven into our proposal in regard to our programs for the economically disadvantaged, as well as for dislocated workers. The legislation calls for granting waivers to a limited number of local Service Delivery Areas under Title II of the Job Training Partnership Act to give them flexibility to try innovative approaches. These waivers will be offered to encourage innovative service designs that lead to better labor market outcomes for disadvantaged youth and adults. Increased flexibility is being offered in exchange for higher levels of accountability for results.

Improving quality, tailoring services and administrative simplicity in our programs for the disadvantaged are issues that we will also address in the JTPA Dialogue, which will be conducted around the country in the coming months with customers and stakeholders. How One-Stop career centers best fit with programs for the disadvantaged will be one of the topics of this dialogue. In addition, we will also explore how well the provisions in the 1992 JTPA Amendments that require assessment and training tailored to individual needs are working.

The Reemployment Act also creates mechanisms to change the service mix so that dislocated workers can pursue the longer term training that research shows is often needed for obtaining new jobs with comparable or higher pay. To ensure that dislocated workers can pursue such training, the Act would provide retraining income support, administered through the Unemployment Insurance system. This is a step in transforming our unemployment system into a reemployment system that meets the demands of the new American economy.

Enhancing quality, effectiveness and accountability are woven into our internal initiatives to survey the customers of our programs. We have already conducted focus groups with dislocated workers and sought their views through customer surveys. We are planning to conduct similar activities with other customers, including economically disadvantaged youth and adults as well as migrant and seasonal farmworkers. Also, to assist State and local practitioners in incorporating this

methodology into their operations, we have already provided training at our recent performance standards conferences and are developing customer survey instruments. We are also planning to produce a technical assistance guide for State and local use.

Accountability

High-quality, customer-focused and tailored services require that providers be held accountable for results along a number of dimensions. One of the best ways to ensure that services meet the needs of customers is to use market-driven approaches built on quality information and customer choice. Our goal is to shift accountability to a focus on outcomes and return on investment, instead of an obsession with the monitoring process.

A market-driven, customer-oriented approach is incorporated in the Reemployment Act, in the requirement that consumer information be provided on training institutions and the success their graduates experience in finding good jobs. Providers that deliver high-quality services to their customers will succeed; those who fail to do so will see customers and their funding dry up.

Accountability must also be universal across different funding sources and programs if we are to have a coherent system. For this reason, the specific standards and types of information required of different providers and their courses are consistent with those in the Higher Education Act of 1965 (HEA) that apply to occupational programs for eligibility to participate in

Federal student aid programs. All providers of training and education services under the Reemployment Act program must meet certain eligibility requirements before dislocated workers could select them as a source of federally-funded training. Eligibility of the local provider's offerings will be based on such factors as completion rates, licensure rates, placement and retention in employment, skill standards, and placement in an occupation related to the content of study. For purposes of the Reemployment Act, an institution can be eligible under the title IV of HEA or under an alternative eligibility process specified by the Governor and based on Federal guidelines, with factors that must be similar to those under the HEA.

The Reemployment Act also preserves and expands accountability for service providers that offer classes to dislocated workers under contractual arrangements. Such providers will be accountable for meeting the provisions of their contracts, which will include the same types of standards on placement and retention, skill acquisition, and participant and employer satisfaction for which career centers and substate grantees who will administer the contracts are held accountable.

Accountability must be universal, but we also recognize it can be achieved differently in different settings. The Reemployment Act seeks to avoid the error of mandating a single approach to accountability in the delivery of services through One-stop Career Centers. States can choose to create competitive systems with multiple suppliers or to develop collaborative

consortia. Under both models, the centers would be overseen by local Workforce Investment Boards, and no part of the system would be exempt from the requirement to deliver value to customers. Local centers would be required to meet outcome-based performance standards and to gather customer feedback from individuals and employers on the effectiveness and quality of services. Local boards would also be required to meet standards.

Administrative Efficiency -- Consolidation

There are a variety of approaches to program consolidation in order to achieve administrative efficiency and simplicity from the customer's point of view. One approach is to combine programs and eliminate those that are duplicative or redundant. This is the approach embodied in the Reemployment Act's proposal to combine all six major Federal dislocated worker programs into a single program. Programs that are good candidates for this approach have the same target groups and provide similar services.

Another approach to consolidation is to create an integrated delivery system, where the customer has access to a variety of programs and funding streams. This is the method embodied in the creation of One-Stop Career Centers, where information and access will be provided to a multitude of different Federal-assisted programs.

A third approach to consolidation is to offer waiver authority that will permit smooth integration or even jointly

funded services. Such waivers will be available under the School-to-Work Opportunities Act and are proposed under the Reemployment Act.

The Department of Labor strongly supports the objective of consolidating programs that serve the same or similar customers, and the Administration is examining this carefully. At the same time, we need to look carefully at where consolidation makes sense and how to prevent reducing service availability for particular customer populations. Congress created separate programs to ensure that services are provided to target groups whose needs were not being met in mainstream programs, resulting in special programs for older workers, veterans, farmworkers, Native Americans, persons with disabilities, and disadvantaged youth and adults, among others. In considering the next steps in consolidating programs, the Administration and Congress will have to determine how these groups could receive full and equitable services through a consolidated system.

Administrative Efficiency -- Common System Components

Where consolidation is not possible or appropriate, other mechanisms can be used for ensuring there is greater simplicity for both customers and administrative efficiency. Besides common access and information, these mechanisms include linking services at the customer level through the use of case managers, particularly when some customers need services, such as health care or

housing, that are indirectly related to employment and training needs.

Administrative mismatches can be reduced through common performance measures and accountability requirements for different programs, common terms and definitions, complementary eligibility criteria, common funding and planning cycles, and common or unified cost accounting and management information systems.

There is much work to be done on developing such common system components. In the Reemployment Act, we have already proposed making training provider eligibility and performance data similar to requirements under Federal student aid programs. In addition, the Labor Department, along with other Federal agencies, has already participated in an Interagency Work Group on common core data elements and definitions in reporting systems. A final report is to be submitted to Congress by June.

We are also taking a closer look at how individual eligibility is determined, with an eye toward standardizing such requirements if possible. Since most eligibility requirements are embedded in statute, we may eventually need your help to make such standardization possible. However, we need to ask where differing eligibility requirements make sense or where they do not.

To explore ways to better integrate administrative components, we have also combined some of our resources with those of the Department of Education to conduct a multi-State

pilot to examine integrated performance management, with common performance measures and unified management information and accounting systems.

We take the GAO report very seriously and will use GAO's information and insights as we work with other Federal agencies to reduce conflicting program requirements. We want to eliminate the most aggravating problems, particularly those that prevent customer access to services and benefits. We also plan to examine how we can increase administrative efficiency by re-engineering routine processes, using the full power of technology to reduce the time and staff costs and developing economies of scale within and across programs and institutions.

Common systems must also stretch across the labor market to ensure that workers and training providers are each able to match the skill requirements of employers. National voluntary skill standards, developed by industry and administered by a private sector board, as recently enacted in the Goals 2000 Educate America Act of 1994, will knit together the requirements of employers, the content of occupational courses, and the knowledge and skills of workers. It will also create portable credentials that can enhance the competitiveness of individual workers. We currently have 6 pilots to develop these standards, while the Education Department is supporting 16 pilots, in a total of 21 industries.

Even in an ideal system that provides universal access to high-quality programs and has common administrative components,

the problems of coordination of services and institutions may continue. Collaboration, partnership, and teamwork can, however, serve as effective vehicles for linking systems, changing them, and for delivering services. I will offer just a few examples where partnership and teamwork can be effective. For example, the Department of Labor has joined forces with the Department of Defense to create rapid response teams to assist communities faced with base closings. The Administration's welfare reform initiative involves close consultation between the Departments of Health and Human Services and Labor, as well as with other cabinet agencies.

Similarly, the Departments of Labor and Education have formed a partnership to promote the creation of comprehensive school-to-work systems in every State to provide coherent career paths for young people in the U.S. The School-to-Work Opportunities Act, in its legislative development and now in its implementation phase, is a paramount example of teamwork and collaboration at the Federal level.

We in the Labor Department very much want to see a true system established and are working actively toward that goal. We are not afraid of innovation and change. We have taken the lead to alleviate some of problems that GAO and many others have identified, and we plan to go further. We have made a concrete proposal to consolidate programs, create a common point of access to information and referrals for all job seekers, and develop a widely accessible computer information base on labor markets and

local services. We are working with other Federal agencies and are using information from GAO to move toward creating common administrative elements.

We welcome the opportunity to work with you, the General Accounting Office, other Federal agencies, and our State and local partners in creating a system that is universally and easily accessible, market-driven and customer-oriented, and reduces administrative costs to the lowest level consistent with ensuring quality services and integrity in the use of funds. As President Clinton has said from the beginning, it's about "putting people first." Any system that fails to do that must be changed.

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR

Program Description, Target Populations, Participants Served, and Funding Level (Budget Authority)

Program	Program Description and Target Populations	Participants Served	FY '94 Budget Authority (\$ millions)
1. JTPA Title IIA -- Economically Disadvantaged Adults/Youth	Formula block grants to States and Service Delivery Areas (SDAs) for assessment, training, placement and supportive services. Training services delivered in classroom or on the job. Economically disadvantaged adults 22 years of age or older. Sixty-five percent of participants must have at least additional one barrier to employment (e.g. ex-offender, welfare recipient). Ten percent of participants need not be non-economically if they have other barriers to employment.	959,614 in FY 1992 (Program Year began July 1, 1992 and ended June 30, 1993. Data includes youth and adults served, including under state set-asides).	988.0
2. JTPA Title IIB -- Summer Youth Employment Program	Formula block grants to States and SDAs to provide temporary summer jobs and academic enrichment (basic and remedial education) programs. Economically disadvantaged youth, ages 14 to 21.	625,000 for the Summer of 1993 (includes estimate for Native American set-aside)	888.3
3. JTPA Title IIC -- Economically Disadvantaged Youth (Year-round Program)	Formula block grants to States and SDAs to provide services to in- and out-of-school youth, in order to increase their educational and occupational skills, employment, earnings, long-term employability, reduce their welfare dependency and assist them in making a successful transition from school to work. Economically disadvantaged youth, ages 14 to 21. At least 65 percent of participants must have at least one additional barrier to employment (e.g. basic skills deficient, pregnant or parenting). At least half of the youth served must be out of school.	New JTPA Title enacted under the 1992 JTPA amendments. Data not yet available.	658.7
4. JTPA Title III -- Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)	Formula block grants to States and Substate Grantless (SSGs) to provide rapid response, training, placement and supportive services. Program also provides discretionary awards to States, SSGs, employers, employer associations and employee representatives for services to dislocated workers, for mass layoffs, industry-wide and multisite projects, special national or regional projects, or demonstration projects and to supplement State and substate program activities. Workers terminated or laid off, or have received notice of termination or lay-off or who are long-term unemployed.	311,876 in FY 1992	1,118.0

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR

Program Description, Target Populations, Participants Served, and Funding Level (Budget Authority)

Program	Program Description and Target Populations	Participants Served	FY '94 Budget Authority (\$ millions)
5. JTPA Title III - Defense Conversion Adjustment Program (DCAP)	Grants to States, SSGs, employers, employer associations, and employee representatives to provide comprehensive and timely retraining and readjustment services, including classroom and on-the-job training, remedial education, entrepreneurial training, labor market information, job search, placement, supportive services, such as child care, transportation allowances, and relocation allowances. UI exhaustees in training may also receive needs related payments to complete training. Permanently dislocated workers displaced by reduced defense expenditures and conversion of former defense industries.	8,674 in FY 1992	Funds avail. in FY 94 - \$5.9
6. JTPA Title III - Defense Diversification Program (DDP)	Provides grants for services similar to the Defense Conversion Program above. Permanently dislocated workers displaced by reduced defense expenditures and diversification of defense industries.	No projects were funded in FY 1992.	Funds avail. in FY 94 - 75.0
7. JTPA Title III - Clean Air Employment Transition Assistance Program (CAETA)	Grants to States, SSGs, employers and employer associations for services and similar to those under Defense Conversion. Participants are entitled to receive needs related payments to complete training, if UI benefits are exhausted. Workers permanently dislocated by the implementation of clean air and related environmental standards.	83 participants in 3 projects in operation by June 1993.	FY 1993 - 49.6 FY 1994 - 0.0
8. Trade Adjustment Assistance Act	Grants to States to provide 1) employment and training services, such as occupational information and counseling, on-the-job training, vocational or technical training and remedial education, as well as job search and relocation allowances and 2) cash assistance, a trade readjustment allowance (TAA), paid to eligible workers who are UI exhaustees, to complete a training program. Workers who are dislocated or underemployed as a result of increased imports. Workers must be members of a group that has been certified by DOL as eligible for TAA benefits based on a determination that increased imports contributed importantly to job loss or reduction. Certified workers must apply individually and be found eligible for program benefits.	In Fiscal Year (FY) 1992 - October 1, 1991 to September 30, 1992 - 19,582 participants entered training, 594 received job search assistance, and 751 received relocation allowances.	Benefits - 128.9 Training - 90.0 Total - 206.9

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR

Program Description, Target Populations, Participants Served, and Funding Level (Budget Authority)

Program	Program Description and Target Populations	Participants Served	FY 94 Budget Authority (\$ millions)
9. NAFTA "bridge" program	Program services are similar to TAA above. Workers who are certified by DOL as eligible to receive benefits based on a determination that increased imports associated with implementation of the North American Free Trade Agreement (NAFTA) contributed importantly to job loss or reduction.	The program was recently enacted. Participant data is not yet available.	Benefits - 5.0 Training - 8.5 Total - 13.5
10. School-to-Work Opportunities Program	Grants to States and local partnerships for creating School-to-work systems which have common core components, including work-based learning, school-based learning and connecting activities, to help youth make a smooth and effective transition from school to a first job in a high-skill, high-wage career or to further education or training. Eleventh and twelve grade students attending public secondary schools and out-of-school youth.	Legislation enacted on April 21, 1994. No participants have been enrolled.	50.0
11. JTPA Title IVB - Job Corps	Contracts with local providers to provide services to severely disadvantaged youth in a residential setting. Services include assessment, occupational exploration, world of work training, basic skills education, occupational skills training (either in classrooms or on-the-job), and work experience. Other activities and support services include: health care, meals, sports, counseling and support in group living, arts and crafts, student government, and incentive programs. Unemployed youth who are at least 16 but not yet 25 years of age and who have severely economically disadvantaged backgrounds. Participants are either high school dropouts, or if graduated, require additional education and training to hold meaningful employment.	100,828 youth in FY 1992. Of the total served, 39,164 were on board at the start of the year and 61,762 new students were enrolled.	1,040.5
12. JTPA - Community Service Employment for Older Americans	Formula grants to national sponsor organizations and to States to provide and promote part-time work opportunities in community services activities for low income, older Americans. Low income (125 percent of the poverty level or less) persons age 55 or older.	98,066 in FY 1992.	410.5

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR

Program Description, Target Populations, Participants Served, and Funding Level (Budget Authority)

Program	Program Description and Target Populations	Participants Served	FY '84 Budget Authority (\$ millions)
13. JTPA Title IVA - Migrant and Seasonal Farmworkers	Grants to public or private non-profit organizations to assist migrant and seasonal farmworkers and their families by providing literacy and basic skills training (including English as a Second Language), occupational training (either in classrooms or on-the-job), work experience and supportive services. Migrant and seasonally-employed farmworkers and their dependents who have earned most of their income from farm work in 12 of the last 24 months, and whose income is below the Federal poverty standards.	48,630 in FY 1992.	85.6
14. JTPA Title IVA - Native American Employment Program	Grants to Federally recognized Indian tribes, bands and other groups controlled by Native Americans to provide job training and supportive services to Indian and Native Americans. Services include assessment, job counseling, literacy and basic skills training, occupational training (either in classrooms or on-the-job), and other employment-related services to help participants prepare for and hold productive jobs. Members of state or federally recognized Indian tribes, bands and other individuals of Native American descent who are disadvantaged, unemployed or under-employed.	23,048 in FY 1992.	64.2
15. JTPA IVC - Veterans Employment Program	Grants to States for employment and training services, primarily through JTPA entities and non-profit providers. Services include assessment, classroom training and on-the-job training and job placement assistance for veterans described below. Recently separated veterans, disabled veterans, and Vietnam Era veterans.	6,549 in FY 1992.	9.0
16. Homeless Veterans Reintegration Projects (McKinney Act)	Grants to support flexible and innovative approaches that reach homeless, unemployed veterans, and assist them in obtaining permanent employment, needed social service benefits to which they are entitled, and permanent or transitional housing. Recently separated veterans, disabled veterans, Vietnam Era veterans, and other veterans who meet the McKinney Act definition for homeless veterans, i.e. those with active military service who were discharged or released under conditions other than dishonorable.	3,769 in FY 1992.	5.1

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR

Program Description, Target Populations, Participants Served, and Funding Level (Budget Authority)

Program	Program Description and Target Populations	Participants Served	FY '94 Budget Authority (\$ millions)
17. Job Training for the Homeless Demonstration Program (McKinney Act)	Grants to local service providers for services to the homeless, focusing on employment skills, counseling, and job search techniques, skill training, on-the-job training, as well as remedial education. Typically, programs provide support services themselves, or through referral and coordination with other organizations; all provide housing referrals. Homeless persons, the majority of whom are between the ages of 22 and 34. Participants include persons with disabilities, families with children, Native Americans, and veterans. Also include are homeless persons with barriers to employment such as educational deficits, mental illness, or alcohol or other drug dependency.	Estimated number of participants for FY 1992 is 6,048.	7.5
18. Youth Fall Chance	Grants to local service providers in high poverty urban and rural communities to demonstrate that a sufficient number of positive interventions can increase the number of youth completing high school and moving successfully into higher education, thereby reducing arrest, substance abuse, unemployment and teen pregnancy. Youth age 14-21 living in high poverty urban and rural areas with no more than 25,000 residents.	In FY 1992, about 8,750 persons participated in the program.	25.0
19. Employment Service	Formula block grants to States to provide labor exchange services, including information on job vacancies, matching applicants to employers, referrals to job orders, and skill and career testing and assessment. Job Service offices also are responsible for administration of the Targeted Jobs Tax Credit, alien labor certification, agricultural recruitment for U.S. citizens, and migrant housing inspection. All U.S. citizens and resident aliens are eligible. However, employment matching services are to be targeted on the economically disadvantaged, hard-to-employ, disabled, veterans, and ex-offenders.	21,346,338 active applicants in FY 1992.	832.9 (State grants)
20. Disabled Veterans Outreach Program (DVOP)	Formula grants to States for dedicated staff in the Employment Service for outreach, case management for employment related services, including assessment, career counseling, referral to on-the-job and classroom training, and job placement assistance. All veterans are eligible, although disabled and Vietnam-era veterans are targeted.	954,000 served in FY 1992.	84.2

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR

Program Description, Target Populations, Participants Served, and Funding Level (Budget Authority)

Program	Program Description and Target Populations	Participants Served	FY '94 Budget Authority (\$ millions)
21. Local Veterans Employment Representative (LVER) Program	Grants to States for dedicated staff in the Employment Service to provide assessment, career counseling, training referral and job placement services, as well as job development. All veterans.	821,000 served in FY 1992.	78.2
22. One-stop Career Centers	Competitive grants to States for the development of the One-stop Career Center system; to provide basic services such as expanded information on job vacancies, labor market trends, career options, local training providers and classes, performance of these providers, federal funds available to individuals for training, and how to look for a job. Would also provide assistance in filling out initial unemployment compensation claims and preliminary assessment of individuals' skill levels and service needs. All U.S. citizens and resident aliens are eligible. All groups will be targeted.	New program under demonstration authority. No participants enrolled yet.	50.0

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR
Program Year 1992 Outcomes

Job Training Program	Number Completed Program	Length of Stay	Entered Employment Rate	Wage at Placement	Referred/Attained Adv. Training/Educ. ¹	Follow-up Employment Rate	Earnings at Follow-up
1. JTPA Title IIA--Economically Disadvantaged Adults	256,770	26 weeks	62.3%	\$6.39	14.9%	59.2%	\$246/week
2. JTPA Title IIB--Summer Youth Employment Program	614,640	NA	NA	NA	NA	NA	NA
3. JTPA Title IIA--Economically Disadvantaged Youth (Year-round Program) (Now JTPA Title II-C)	253,882	29 weeks	40.8%	\$5.18	51.2% ²	NA	NA
4. JTPA Title III--Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)	182,578	32 weeks	69%	\$8.90	NA	69%	\$9.23
5. JTPA Title III--Defense Conversion Adjustment Program (DCAP)	3,036	NA	77%	\$10.51	NA	73%	\$12.78
6. JTPA Title III--Defense Diversification Program (DDP)	New Program						

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR
Program Year 1992 Outcomes

Job Training Program	Number Completed Program	Length of Stay	Entered Employment Rate	Wage at Placement	Referred/Attained Adv. Training/Educ.	Follow-up Employment Rate	Earnings at Follow-up
7. JTPA Title III--Clean Air Employment Transition Assistance Program (CAETA) New Program (only 3 sites reporting)	18	NA	89%	\$12.64	NA	75%	\$13.67
8. Trade Adjustment Assistance Act	10,603 ¹	NA	26.8% ⁴	NA	NA	NA	NA
9. NAFTA "bridge" program	New Program						
10. School-to-Work Opportunities Program	1,739	NA	NA	NA	NA	NA	NA
11. JTPA Title IVB--Job Corps	61,577	7.8 months	54.0%	NA	12%	NA	NA
12. JTPA--Community Service Employment for Older Americans	65,452 ¹	NA	23.9%	\$4.38	NA	NA	NA
13. JTPA Title IVA--Migrant and Seasonal Farmworkers	38,884	NA	58.9%	\$5.75	46% ⁴	73.4% ²	\$5.91
14. JTPA Title IVA--Native American Employment Program	19,899	NA	50.3%	\$6.25	52% ⁴	NA	NA

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR
Program Year 1992 Outcomes

Job Training Program	Number Completed Program	Length of Stay	Entered Employment Rate	Wage at Placement	Referred/Attained Adv. Training/Educ.	Follow-up Employment Rate	Earnings at Follow-up
15. Veterans Employment Program	6,549 ⁵	NA	NA	NA	NA	NA	NA
16. Homeless Veterans Reintegration Projects (McKinney Act)	3,769 ⁵	NA	NA	NA	NA	NA	NA
17. Job Training for the Homeless Demonstration Program (McKinney Act)	6,048 ⁵	NA	59%	\$6.14	47% ⁹	59%	NA
18. Youth Fair Chance	9,752	NA	NA	NA	NA	NA	NA
19. Bureau of Apprenticeship and Training	329,409 ⁵	NA	NA	NA	NA	NA	NA
20. U.S. Employment Service	21,346,336 ⁹	NA	15.3% ¹⁰	NA	40.1% ¹¹	NA	NA
21. Disabled Veterans Outreach Personnel (DVOP)	139,385 ¹²	NA	25.3% ¹⁰	NA	64.1% ¹¹	NA	NA
22. Local Veterans Employment Representative (LVER)	2,775,954 ¹²	NA	20.3% ¹⁰	NA	52.4% ¹¹	NA	NA
23. One-Stop Career Centers	No data						

Footnotes:

- ¹ Referral to advanced training/education or obtained high school or post-high school credential

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR
Program Year 1992 Outcomes

- ² Includes additional non-employment outcomes such as dropout prevention, dropout recovery and youth competency attainments
- ³ Completed Training
- ⁴ Percent of those completing training who obtained suitable employment
- ⁵ Enrollments or participants
- ⁶ Includes additional non-employment outcomes such as completion of worksite or classroom training objectives with documented learning gains
- ⁷ Percent of those who obtained jobs at program completion who are still employed 3 months later.
- ⁸ Upgraded housing
- ⁹ Applicants
- ¹⁰ Percent of applicants who entered employment. Note that applicants may be seeking information or services other than job placement.
- ¹¹ Percent of applicants who were placed in training or referred to employment, skills training or educational services.
- ¹² Sub-group from item 20.

MAJOR EMPLOYMENT AND TRAINING PROGRAMS
U.S. DEPARTMENT OF LABOR
Program Year 1992 Outcomes

The above table attempts to present outcome data for the Department's major employment and training programs that conform to the following definitions. Since terms and definitions used in different programs sometimes vary, data has been chosen that conforms as closely as possible to the outcome measures listed here. Significant discrepancies are described in the footnotes.

Definitions of Outcomes

Entered Employment Rate - Percent of those completing the program who obtained unsubsidized employment.

Wage at Placement - Average hourly wage in job obtained upon completing the program.

Followup Entered Employment Rate - Percent of those completing the program who are employed during the followup week (3 months after leaving the program).

Followup Earnings - Average hourly wage or weekly earnings in job held during the followup week (3 months after leaving the program).

Mr. PETERSON. Ms. Kappner.

STATEMENT OF AUGUSTA SOUZA KAPPNER, ASSISTANT SECRETARY, OFFICE OF ADULT AND VOCATIONAL EDUCATION, U.S. DEPARTMENT OF EDUCATION

Ms. KAPPNER. Thank you Chairman Peterson and Congressman Zeliff, and other members of the committee. Thank you for the opportunity to be here.

I am joined by my colleague Dr. Longanecker, the Assistant Secretary for Postsecondary Education. It is a pleasure to be here with Doug Ross because we are operating in a strong partnership that you will hear about in a moment.

I am responsible for the programs which are administered under the Carl Perkins Vocational Education and Technology Act and the Adult Education Act. In the Department of Education, we are committed to improving the quality of education and training for work. We are committed to improving access to high quality occupational and educational programs, and we are committed to working with our colleagues in other agencies to try to reduce the fragmentation that exists and create a better integrated and more coordinated system.

Perhaps the most outstanding example that I can cite to you right now about the effort that we are engaged in to reduce fragmentation and improve coordination is the development of the School to Work Opportunities Act and the partnership that exists between the Departments of Labor and Education in the development and implementation of the act.

As you know, the school to work legislation has strong bipartisan support in Congress and will be signed into law by the President tomorrow. The act is the result of a partnership over 10 months or so between the Departments of Labor and Education in wide consultation with a variety of stakeholders and the effort to help States create a framework within which young people can make the transition from school to work.

The school to work systems that States will be developing under that legislation will greatly improve what exists now in occupational and vocational education for young people. It will allow them to get high skills for the job market, a solid academic education, some clear career pathways to the world of work and to continue their education.

Through the development of the school to work opportunities systems, States will really have the opportunity to begin to change the kind of fragmentation that has existed up until now. This legislation is markedly different from other legislation that has been put forth in occupational and vocational education, especially for young people.

It is not simply another Federal program with categorical dollars. It is an effort to give Federal dollars in a way that they will catalyze the development of a system in States. And in fact it is a way that will allow States to leverage both the existing State, local, and Federal resources to create a system and to begin to overcome some of the problems that we are here to address.

Programs under the Carl Perkins Act, the JTPA, and many other legislative authorities can potentially be coordinated and leveraged

by school to work. If we use the categories and components that were used in the GAO testimony and report, school to work has the possibility of coordinating and leveraging almost 30 different titles or program components from education and training, and we think that is very, very significant, rather than creating another categorical program.

We have also structured school to work in a way that once the existing resources are focused and redirected, the legislation itself will go out of existence. It has a sunset clause. And it will serve its purpose and not become another program to add to the list of fragmented programs which exist.

In order to have a school to work system funded, we are requiring that States from the very beginning bring together all the players in their State who have anything to do with education and training and employment—bring them to the table to form a partnership that will be able to implement the school to work systems.

We are modeling that partnership between the Department of Labor and the Department of Education.

In addition to creating a better possibility of coordination through school to work, we have used the waiver authority that Assistant Secretary Ross has referred to. States will have the ability to request waivers to better enable them to use local and Federal resources in combined funding streams and with strategies which meet their particular local needs. States will not have to be locked into the kinds of funding streams that we have now, or into any one model which we might establish in the Federal Government, which might not indeed meet the needs of a particular State or local community.

We think this will go a long way toward removing the barriers toward integration and coordination. School to work also provides a better opportunity for integration across secondary and post-secondary lines, and across academic and vocational education.

You will no longer have the situation where you could have a young person graduating from high school with a smattering of vocational courses and then finding that there is no college that will accept these courses. That is one of the things that will be changed.

Congress put in place, as you know, in the 1990 reauthorization of the Perkins Act, the Tech Prep Program and we are enabling States to build on that to create this integration between secondary and postsecondary for our young people. Perhaps most ground breaking of all is the fact that we have worked as a partnership to date in the development of the school to work legislation, the Department of Labor, and the Department of Education, and intend to implement this as a jointly administered project.

There will be one unit of staff who will, between the Department of Labor and the Department of Education, be responsible for making this happen. They will be responsible for all aspects of implementation of school to work at the Federal level, everything from grants development, and technical assistance to marketing and outreach.

This is indeed, in our opinion, a real reinvention of government and one which will set a standard, we believe, for what can be done between two agencies when they are really determined at a high

administrative level to do the kind of joint implementation that this entails.

We will be coordinating what we do in school to work closely with other Department of Education programs. It will be coordinated closely, for example, with goals 2000. States that will have funding possibilities under both goals 2000 and school to work will be asked specifically to coordinate their plans and to show how they interrelate.

Assistant Secretary Ross has mentioned the skills standards. I would reinforce that the young people who graduate from school to work systems will have not only a high school diploma, but they will have a portable skills certificate.

Once these skills standards are in place, as Assistant Secretary Ross has said, they become a powerful tool for coordination within the education and training field. We will have a standard by which not only students will know that they have skills and employers will know that they have good employees, but we will be able to hold education and training institutions accountable for what it is that they provide to our young people.

I would just mention that in addition to the collaboration with Labor, we are actively involved in a number of other collaborative efforts with other agencies, even without new legislation to drive that forward.

We, of course, are working closely with the Department of Health and Human Services in a variety of education and training and support services efforts. In particular, we have a memorandum of understanding, under which we engage in information sharing and communication and referrals between programs.

We have done such activities together as joint conferences, joint technical assistance publications, and the development of some nonduplicative reporting and data collection items.

We are also, with the Departments of Health and Human Services and Labor, involved in a technical assistance project to ensure that the JOBS Program has the strongest services that it can. We are sharing our financial resources with HHS in that aspect, since the Adult Education Act is one of the supports of the JOBS Program. We are working closely to make sure that we evaluate jointly the adult education services provided to the individuals in the JOBS Program.

If I could speak for a minute about the State level, our experience in working with States is like yours, that they find it very frustrating to deal with multiple sources of funding and the different funding streams. States, however, on their own have begun to do a number of things that are moving programs forward in terms of integration.

There are States which, of course, have adopted new State structures to try to bring together adult education and training services. Georgia, for example, has created a new department of technical and adult education, trying to bring those services together. Several States have through gubernatorial initiative or legislative initiative established State level councils bringing together programs across agencies.

And some States, like New York State, have created the kind of funding unit that encourages States to integrate their services across the board.

There are many activities which both Congress and the executive branch can engage in which would help to improve the situation. One of those, certainly, is the kind of project which is partially under way, but which needs to go further in terms of developing common definitions, common outcome measures and reporting systems for all Federal programs which provide employment, education, and training.

Certainly there needs to be some effort to provide technical assistance and training services to State agencies to carry out inter-agency coordination and collaboration at the State level.

Third, I would like to see support for efforts like school to work, which encourage the leveraging of existing resources and allow States and communities to cross those barriers and provide waivers so that they can begin to build systems which are indeed customer oriented and locally oriented.

Finally, although we have taken some steps to begin to address this issue, we realize that more needs to be done. We will have the opportunity in the Department of Education to put forward reauthorization proposals for both the Carl Perkins legislation and the Adult Education Act fairly soon.

This will certainly be part of the focus that we will be bringing to that reauthorization. And we would hope that consultation with a wide range of stakeholders and with congressional staff in the developing of the legislation helps us to develop a better product.

We would anticipate working with all of your staffs as we move toward these two reauthorizations and I, of course, would be happy to answer any questions that you might have about any of this.

Mr. PETERSON. Thank you.

[The prepared statement of Ms. Kappner follows:]

DEPARTMENT OF EDUCATION

Statement of

Augusta Souza Kappner

Assistant Secretary

for

Vocational and Adult Education

Before the

Employment, Housing and Aviation Subcommittee

of the

House Government Operations Committee

May 3, 1994

Thank you Mr. Chairman and members of the Subcommittee.

I appreciate this opportunity to testify on workplace training and federal employment programs.

Let me begin by telling you about the employment and training programs administered by the Office of Vocational and Adult Education (OVAE). My colleague, David Longanecker, Assistant Secretary for Postsecondary Education, will talk about Federal postsecondary training programs. As you will note our list of programs is a much shorter list than that in the GAO testimony given by Clarence C. Crawford before the Subcommittee on March 3, 1994. Following this discussion I will outline OVAE's efforts at coordination, highlight problems caused by multiplicity of programs, summarize steps we have taken to reduce fragmentation, and discuss efforts we might consider for the future.

OVAE serves as the principal Federal entity to assist States with vocational education, adult education, and literacy programs. Our primary mission is to increase access to, and improve, educational programs that strengthen educational achievement, workforce preparation, and lifelong learning.

OVAE provides leadership at the national level to support vocational education, basic education, and literacy programs for youth, and adults. OVAE administers Federal funds under the Adult Education Act, the Carl D. Perkins Vocational and Applied Technology Education Act ("the Perkins Act"), the National Literacy Act and the Stewart B. McKinney Homeless Assistance Act.

Under the Adult Education Act and the Perkins Act, the majority of funds are allocated through formula grants to the States. These funds are used to support programs that help students acquire the necessary skills to succeed in the workplace or to further their education. Both Acts also include set-asides for specific purposes and authority for the Secretary to award funds competitively for demonstrations related to education and training.

The Perkins Act authorizes funding to improve secondary and postsecondary vocational education programs leading to academic and occupational skill competencies. The Act places special emphasis on serving the disadvantaged and individuals with disabilities. In addition, funds are also earmarked for a number of special purpose grants, including tribally controlled postsecondary vocational institutions, Indian vocational education programs and Native Hawaiian vocational education programs and Tech-Prep Education.

The major employment and training programs administered by OVAE under the Perkins Act are:

- Vocational Education Basic State Grants
- Tech-Prep Education
- Tribally Controlled Postsecondary Vocational Institutions
- Indian and Hawaiian Natives Vocational Education

In addition, under the Adult Education Act, OVAE administers the National Workplace Literacy Program. A brief description of these programs follows.

Perkins Act Formula Grant

In FY 1994, the Department distributed over \$955 million for basic grants to States. In addition, States receive funds for community-based organizations, consumer and homemaker education and state vocational education. Approximately 17 million students are served by Perkins Basic Grant funds. Of that 17 million, approximately 9 million were members of "special populations" identified in the Act.

The Perkins Act Formula Grants are targeted to the following groups:

- Educationally and economically disadvantaged (including the limited English speaking and foster children), and disabled individuals who require special assistance and services to enter and to succeed in vocational-technical education programs.
- Single parents, displaced homemakers, and single pregnant women in need of basic academic and occupational skills and career guidance that will enable them to enter and succeed in employment.
- Students enrolled in programs not traditional for their sex. Individuals enrolled in these programs receive the necessary support services that will enable them to become aware of and overcome sex role bias and stereotyping.
- Participants in training programs conducted for the incarcerated who are preparing to be released from a correctional facility.

Tech-Prep Education

The Perkins Act provides funds for planning and implementation of Tech-Prep education programs by consortia of local educational agencies and postsecondary institutions. In FY 1994, the appropriation for Tech-Prep was \$104 million.

Tech-Prep programs entail four years of study, beginning with the last two years of high school and two years of occupationally specific postsecondary education. They provide a core proficiency in mathematics, science, communications, and technologies leading to an associate degree or certificate in a specific career field. Preliminary data tell us that between 125,000 and 175,000 students are currently enrolled in Tech-Prep programs. More complete data on Tech-Prep will be available in 1997, with the completion of a Department-sponsored study.

Tribally Controlled Postsecondary Vocational Institutions
 The Tribally Controlled Postsecondary Vocational Institutions program provides grants for the operation and improvement of tribally controlled postsecondary vocational institutions to support continued and expanded educational opportunities for Indian students, and to allow for the improvement and expansion of the physical resources of those institutions. In FY 1994 the appropriation for the program was approximately \$3 million. During the last twelve months this program served two institutions and 258 students.

Indian Vocational Education

The Indian Vocational Education program provides financial assistance to projects that provide vocational education for the benefit of Indians. This program serves secondary, postsecondary, and adult students. The Department awards grants to tribal organizations affiliated with Federally recognized Indian tribes

and to the Bureau of Indian Affairs secondary schools.

In FY 1994 the appropriation to support this program was \$12.5 million. Approximately 2,000 students were served.

Native Hawaiian Vocational Education

The Native Hawaiian program provides financial assistance to projects that provide vocational education and training for Native Hawaiians. A Native Hawaiian is defined as any individual who has any ancestors who were natives, prior to 1778, of the area that now comprises the State of Hawaii.

Most of the funds for this program are used to improve vocational education programs for secondary and postsecondary students. Approximately 10 percent of the funds are used for job training programs for adults. In FY 1994 the appropriation for this program was \$2.5 million. During the last twelve months the program served 4,000 students

Program Outcomes

The 1990 reauthorization of the Perkins Act requires States to develop and implement statewide systems of core standards and measures of performance for secondary and postsecondary vocational education programs. All States have now developed such standards and measures, and OVAE will complete a review and analysis of those standards and measures by the Fall of 1994.

The Perkins Act provides only 10 percent of all funding for vocational education nationally. Consequently, it is very

difficult to distinguish outcomes resulting from Perkins funds alone. The information available to OVAE on outcomes is for vocational education programs in general.

The recent interim report of the National Assessment of Vocational Education summarizes studies that measure the connection between vocational education, labor market outcomes, and related achievements. One of the most important findings of the interim report is that districts that receive Perkins grants have taken more steps, than those not receiving Perkins funds, to integrate academic and vocational curricula and to develop Tech-Prep programs.

Another important finding of the NAVE report is that "high school graduates who complete a coherent sequence of vocational courses are more likely to find training-related jobs, earn more in these jobs, and are less likely to be unemployed over time." This is true for both secondary and postsecondary vocational students. While we are pleased that some findings are positive we look forward to the opportunity during the Perkins Act reauthorization process to address the concerns raised in the interim report.

National Workplace Literacy Program

Another program administered by OVAE - National Workplace Literacy - plays a crucial role in increasing productivity and job retention of working men and women.

The National Workplace Literacy program (NWLP) authorized by the

Adult Education Act makes discretionary grants for demonstrations that provide literacy training to meet workplace needs. These projects involve partnerships between businesses, labor organizations, and education agencies.

The NWLP provides work-related basic skills programs and offers an opportunity for working men and women to benefit from occupational skills training to meet workplace needs. Services provided to employees may include: adult secondary education; literacy training for limited English proficient adults; updating basic skills to meet the changing needs of the workplace; improving the competency of adult workers in speaking, listening, reading, and problem solving; and educational counseling, transportation and child-care services. Curricula developed for workplace literacy programs teach basic skills in the context of actual jobs.

Because these programs are relatively new, adequate data to determine specific outcomes are not available at this time. Final reports submitted by the projects indicate that workers participating in the NWLP projects achieve learning gains as measured by standardized tests. Further, final reports indicate that workers participating in the NWLP projects experience work-related gains such as improvements in safety and attendance.

This year the Department is beginning a three-year national evaluation of the NWLP to learn more about the effectiveness of this program, particularly in producing improvements in on-the-

job literacy. The study will establish an electronic reporting system for all new grantees through which comparable data will be reported every six months. In addition, a case study of 10 new projects will be conducted. The case study will use rigorous research designs to identify the effects of program participation not only on learning gains but also on work-related measures such as safety, production and morale.

COORDINATION AT THE FEDERAL LEVEL

One of the major priorities for the Department of Education and other Federal agencies is to improve coordination and collaboration at the Federal, State and, local levels in an effort to address the problem of fragmentation and multiplicity among various employment and training programs. Let me highlight what we are doing currently and our future plans to address these concerns.

Coordination between the Department of Education and the Department of Labor to Create and Implement the School-to-Work Opportunities Act of 1994

Our most visible and promising effort to reduce fragmentation and improve coordination is the development and implementation of the School-to-Work Opportunities Act of 1994. As you know the School-to-Work Opportunities Act will be signed by the President tomorrow.

This Act is the result of a successful partnership between the Department of Education and the Department of Labor to establish

a framework within which all States can create statewide school-to-work systems.

These school-to-work systems will help young people acquire the skills, knowledge, and abilities that they need to make a smooth transition from school to career-oriented work and to further education and training.

The School-to-Work Opportunities initiative is not just another categorical Federal program. Rather, States and localities will use Federal School-to-Work funds as venture capital to leverage other sources of funding at the Federal, State and local levels to build the School-to-Work system. Funds from Perkins, JTPA and other State and local resources will be coordinated to support this effort.

State plans must demonstrate a clear, coordinated approach toward developing employment and training systems. School-to-Work systems must build partnerships at all levels with business, schools, colleges, parents, and labor organizations.

To further increase coordination at the State and local levels, the legislation permits waivers of Federal statutory and regulatory requirements in order to give States and localities the flexibility to utilize their own strategies, combined with various Federal funding streams, to build a school-to-work system tailored to their own needs.

School-to-Work also provides an opportunity for better coordination between secondary and postsecondary education, through Tech-Prep. Tech-Prep education programs, which integrate academic and vocational education and create a strong link between high school and community colleges, are some of the most promising programs with which to build the school-to-work transition system. States may incorporate Tech-Prep education programs into their systems.

The School-to-Work Opportunities Act will be jointly administered by the Departments of Education and Labor. A joint management team will provide guidance and oversight of all program-related activities, addressing high priority concerns such as grants, technical assistance, and marketing/outreach. It represents shared decision-making at the highest administrative levels.

The School-to-Work Opportunities Act is closely coordinated with other Department of Education Programs, particularly with Goals 2000: Educate America Act, the umbrella under which States will be conducting major comprehensive reforms of their individual education systems. Title V of Goals 2000 establishes the National Skills Standards Board. This Board will provide leadership in the development of national voluntary standards in specific occupational clusters. These skill standards will be industry accepted and portable. This will facilitate cohesiveness and coherence for training programs.

Coordination between the Department of Health and Human Services (HHS) and the Department of Education (ED) on Employment and Training Programs

The Department of Health and Human Services and the Department of Education administer various programs related to education, training, and support services to meet the special needs of disadvantaged children and adults. These programs include Aid to Families with Dependent Children (AFDC), Jobs Opportunities and Basic Skills training program (JOBS) for AFDC recipients, Even Start, Head Start and Chapter 1 grants to local educational agencies. These programs and the programs administered by OVAE recognize the needs of individuals and families who are educationally and economically disadvantaged.

HHS and the Department of Education have entered into a Memorandum of Understanding to encourage information-sharing, improved coordination, collaboration, communication, and referrals among programs in order to reach individuals and families who can benefit from these programs. Under the agreement, ED and HHS will build and enhance partnerships at the Federal level, and assist State and local administrators to strengthen their respective partnerships through a number of activities.

Since FY 1989, the Departments of Education, Labor, and Health and Human Services have jointly funded a major technical assistance project to help States and localities operate and improve the JOBS program.

The 1992 amendments to the Job Training Partnership Act (JTPA) directed the Secretaries of Labor, Education, and Health and Human Services, along with other appropriate agencies, to identify a core set of consistently defined data elements for the major Federal employment and training programs. An interagency task group has been working on this task for several months, and a report is currently preparing for submission to Congress.

The Department is also providing financial resources to HHS to expand the formal evaluation of the JOBS program. These funds, which we expect to provide through 1996, will allow a more comprehensive analysis of adult education program services provided for participants in the JOBS program.

COORDINATION AT THE STATE LEVEL

In general, the States have been quite active in identifying and implementing strategies to improve the coordination of their employment and training systems. A 1992 report funded by the Department of Education and published by the COSMOS Corporation, Patterns of Promise: State and Local Strategies for Improving Coordination in Adult Education Programs, identified a variety of State-level strategies to improve coordination of services. Many States have adopted three of the recommended strategies:

- New State structures (State-level agencies) have been developed to centralize adult education and training services. (For example: Georgia created the Department of Technical and Adult Education, which provides an infrastructure for focusing resources on adult education.)

- Several States have established State-level councils through gubernatorial or legislative action to address education and human service needs. Ohio, Michigan, Indiana, Iowa, Texas, Maryland, North Carolina, and Tennessee are some of the States that have created State-level councils to support various human services programs.
- New York created a new State funding program to foster integration of services at the local level. This new program involves the coordination of multiple funding sources.

While we have implemented certain strategies to address some of the problems associated with fragmentation and multiplicity, we still have a ways to go. We will be looking at additional strategies as we begin the process of reauthorization of the Perkins Act and the Adult Education Act.

There are many actions that the Federal government (both Congress and the Executive Branch) can take to enhance coordination. They include:

- Developing common definitions, outcome measures, and reporting systems for all Federal programs providing employment, education and training programs;
- Providing technical assistance and training services to State agencies for carrying out interagency coordination;

- Encouraging efforts such as the School-to-Work Opportunities Act that encourage the leveraging of existing Federal and State resources to achieve our objectives;
- Streamlining administrative systems to allow better tracking of program participation to measure program outcomes;
- Identifying common program outcomes and methods used to measure outcomes; and

Providing incentives to State and local systems that encourage them to coordinate federally assisted employment and training programs.

In addition to the opportunities presented by upcoming reauthorizations, OVAE has begun an intensive review of its current activities through a strategic planning process. Focusing our efforts on improving program results, we are optimistic that this process will improve our ability to serve our customers.

**Employment and Training Programs
Office of Vocational and Adult Education**

Name of Program	Number of Participants Served	Level of Funding FY 1994
Vocational Education Basic Grant	16,714,467 (FY 1991)	\$955,565,941
Tech Prep	125,000-175,000	\$104,123,591
Tribally Controlled Postsecondary Vocational Institutions	258	\$2,946,000
Indian Vocational Education	2,000	\$12,563,000
Native Hawaiian	4,150	\$2,544,870
National Workplace Literacy Program	30,000	\$18,906,000

Mr. PETERSON. Mr. Longanecker, welcome to the committee.

STATEMENT OF DAVID LONGANECKER, ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, U.S. DEPARTMENT OF EDUCATION

Mr. LONGANECKER. Good morning. And thank you for the invitation, Chairman Peterson, Mr. Zeliff, and Mr. Rush. It is a real pleasure to appear before this subcommittee today with my colleagues to discuss the various efforts that we have underway—both together and individually—to provide high quality postsecondary vocational education in this country.

Our programs in the Office of Postsecondary Education, primarily the major Federal student financial assistance programs, are effectively overlooked in discussions about the Federal Government's general efforts to educate the work force because they are generally perceived to be college-level programs. They shouldn't be overlooked for they are a critical part of this overall mosaic of Federal activities.

As with all Department of Education programs, and as indicated by Mr. Kappner, our mission is simple and straightforward. It is to assure equal access to educational opportunity and to promote high-quality education throughout this country.

To achieve this in our work force related programs, we focus on four principles: first is to ensure coherence and coordination across programs both within the Department of Education and elsewhere; second is to improve the quality of education and training; third is to focus on disadvantaged populations within our overall population; and fourth is to provide better information to students so that they make better decisions.

And if those sound similar to the themes that were brought forth by Mr. Ross, that is no accident. The principal way in which we address that, obviously, is through our various student financial assistance programs.

The foundation of all of our student financial aid programs is the Pell Grant Program, providing up to \$2,300 to a student depending on that student's assessed financial need. We hope to take that up to \$2,400. About one-fifth of all Pell grant recipients—800,000 students per year, receiving about \$1 billion annually—attend for-profit proprietary vocational schools.

Nearly one-third of all Pell grant recipients who receive over \$1.7 billion attend community colleges. Some of those students are in vocational programs and some are in academic programs, but a large share of those students in fact are in 1 or 2-year vocational programs.

The Federal student loan programs actually provide more overall assistance, though to fewer students, than does the Pell Grant Program. These students borrow up to \$2,600 per year and in 1992-93, about 840,000 students in proprietary schools and about 500,000 students in community colleges borrowed combined about \$3 billion.

So you see, we have a substantial investment in training in our overall systems.

I might mention more on the proprietary schools—that substantial involvement of propriety schools in the Stafford Loan Program

nonetheless represents a substantial drop in recent years. In 1990, 27 percent of all student loans went to students who were attending for-profit trade schools. That is down to 18 percent, principally because of a default reduction initiative that was adopted in 1991.

Other Federal financial aid programs, including college work study, supplemental educational opportunity grants, the Perkins Student Loan Program, and the State Student Incentive Program, also assist vocational students, but at more modest levels. Those programs are funded at lower levels and institutions that provide vocational education participate at lower levels in those programs.

Overall, those six programs provide more than 1.5 million students in proprietary schools and community colleges with nearly \$6 billion annually in benefits. We are hardly a casual actor in providing postsecondary and vocational opportunities, although we do so in a different way than most other programs.

We provide our assistance to students rather than to institutions or States. We rely on the consumer herself or himself to choose the training best suited to their needs. This is the same theme that you heard Doug Ross refer to.

In addition to these programs, the GAO report listed a number of other programs as vocational in orientation. We believe that these other programs should not be included in the inventory because, while they have some relationship to vocational education, they are at their heart not vocational education programs—specifically the TRIO programs, Upward Bound, Talent Search, Educational Opportunity Centers and student support services programs. These are extremely valuable programs and students do often receive some advice, but they are basically programs to keep at-risk students looking at a postsecondary future and should not be categorized as vocational education programs.

GAO included the Veterans Education Outreach Program which was not reauthorized in the Higher Education Act in 1992, and the student literacy corps which, while still authorized, is no longer funded.

Let me explain briefly what we are up to. With the colleagues at this table, we have been working to reduce duplication, increase accountability, and enhance program effectiveness. Most significant new activity in that regard is the implementation of the new Direct Student Loan Program, an initiative from the President passed by the Congress last year being implemented with the first loans to be provided July 1 of this year.

To improve program management, we have the 1992 Higher Education Act Amendments which, in fact, substantially increased the oversight, monitoring, and gatekeeping functions that we share with the States and the accrediting associations. The amendments require a much greater accountability to explicit program objectives, such as program completion, job certification, and job placement.

Last Thursday and Friday we published in the Federal Register nine regulatory packages that implement that law. While some of these regulations have been highly controversial within the higher education community, we honestly believe that this new law—and the new regulations that we have adopted to implement that law—coupled with aggressive management will assure that the institu-

tions in these Federal title IV student assistance programs provide quality education and training.

For a student choice strategy, which is what we use in our student financial assistance programs, to work, you have got to have customers who are able to make informed decisions. To help in that regard, we provide various publications such as the School Shopping Tips, which I believe we shared with you, and the Student Guide.

And we are very interested and engaged in the discussions about one-stop shopping and the new broker concepts that are being developed as part of the reemployment bill.

Building upon our loan reform, we have begun reexamination of our overall student assistance programs with the objective of revising our activities in a way that will accomplish four objectives: To increase access and retention for all students in our programs; to target our aid more effectively to the most needy students; to provide stronger incentives for student success; and to explore the best means for supporting postsecondary preparation for the work force.

We are questioning whether the ways that we do that today are the best strategies and are all trying finally to improve the effectiveness and efficiency of our programs, each and every one.

I hope that it is apparent that we are all working toward the same goals and we are working together as we move toward those goals. This is without a doubt a team effort within the administration, not only in the Department of Education but throughout.

It will lead to program consolidations in some cases where redundancy proves to be counterproductive. In other cases, it is important to keep in mind that there may be a good case for different programs. But we want to make sure that the programs are complementary and develop a synergy rather than work at odds with each other.

For our part, we are having a fun time in our office pursuing these great new visions for the future. And we certainly look forward to working with the colleges and universities and the proprietary schools and with you to build a better system over the long term.

Thank you very much.

Mr. PETERSON. Thank you.

[The prepared statement of Mr. Longanecker follows:]

DEPARTMENT OF EDUCATION

Statement of

David A. Longanecker

Assistant Secretary
for
Postsecondary Education

Before the

Employment, Housing, and Aviation Subcommittee
of the
House Government Operations Committee

May 3, 1994

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss with you programs administered in the Office of Postsecondary Education that provide assistance to students who wish to obtain vocational education and training.

Joining me on this panel from the U.S. Department of Education is my colleague Dr. Augusta Kappner, Assistant Secretary for Vocational and Adult Education, who will discuss with you the employment and training grant programs that she administers. Dr. Kappner and I share the conviction that providing our work force with more advanced skills and more effective training is an essential task, both in our collegiate institutions and our postsecondary vocational institutions.

PRINCIPLES FOR ACTION

We will discuss four principles that will guide us in improving employment and training programs. These principles commit us to

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- ensure coherence and coordination across programs;
- improve the quality of education and training for work;
- target disadvantaged populations; and
- provide information to students to help them make wise decisions.

With these four principles in mind, I would now like to discuss with you the specific programs in the Office of Postsecondary Education that support students seeking postsecondary vocational training, as well as steps we have taken and have planned to improve the efficiency and integrity of our programs.

OFFICE OF POSTSECONDARY EDUCATION PROGRAMS

Through the student financial assistance programs under Title IV of the Higher Education Act of 1965, the Office of Postsecondary Education provides substantial financial support for students enrolled in postsecondary programs, including those students who choose to pursue vocational education and training.

These programs -- the Federal Pell Grant, Federal Family Education Loan, Federal Direct Student Loan, Federal Supplemental Educational Opportunity Grant (SEOG), Federal Work-Study, Federal Perkins Loan, and State Student Incentive Grant (SSIG) programs -- provide financial assistance in the form of grants, loans, and work study to about 6 million postsecondary students. This 6 million includes students enrolled in academic and vocational programs at four-year colleges and universities, community and junior colleges, and proprietary schools. Also, of these 6 million students, many receive aid from more than one program.

One quarter of all aid recipients are pursuing programs of less

than two years at community colleges and technical institutes, as well as at proprietary trade schools. The other three quarters are enrolled in academic programs at two- and four-year collegiate institutions.

A recent study conducted by the National Research Council for the U.S. Department of Education, Preparing for the Workplace: Charting a Course for Federal Postsecondary Education Policy, suggests that these student assistance programs provided \$5.9 billion in fiscal year 1991 to support postsecondary vocational study, out of a total of about \$19 billion made available to all students through the programs. This figure represents an estimate of program funds directed to vocational students at community colleges and proprietary schools. Clearly not all of the student assistance at community colleges supports vocational training. However, the figure for community colleges is difficult to break down because most community colleges offer both vocational and academic programs of study.

In a moment, I will provide you with the specific amounts under each student aid program that are directed to proprietary schools and to community colleges.

The student aid programs provide financial assistance to students rather than institutions or States, although the aid may be conveyed through an institution or a State. This feature

distinguishes our programs from most other employment and training programs: they provide aid to the student, not the education or training provider. The student chooses the type of postsecondary education and the institution at which he or she wishes to pursue that education.

The Federal Pell Grant program provides assistance to about 4 million students each year. Federal Pell Grants are currently awarded in amounts up to \$2,300 to eligible students who demonstrate financial need; the Administration proposes that the maximum award increase to \$2,400 for the 1995-96 award year. About 18 percent of all students receiving Federal Pell Grants (or nearly 800,000 students) are enrolled in proprietary institutions, and they receive roughly the same proportion of total Federal Pell Grant funds (about 19 percent, or \$1 billion). About 30 percent of all students receiving Federal Pell Grants attend two-year colleges, and these students receive roughly the same proportion of Pell Grant funds (25 percent, or \$1.7 billion). Many community college students are enrolled in job training programs.

The Federal Family Education Loan Program (formerly the Stafford Loan program) assists about 5 million students annually. As you know, the Administration is implementing a new Federal Direct Student Loan program -- a simplified and less costly program that will be phased in over the next four years and, we expect, will

ultimately replace the FFEL program.

Currently, Federal student loan volume is over \$16 billion annually. About \$2 billion goes to 840,000 students in proprietary schools; more than 480,000 students at community colleges receive about \$1 billion. Again, the share of total program funds received by students at these two types of institutions is roughly proportionate to the share of all students aided that their enrollments represent. Students may borrow up to a maximum of \$2,600 for each of the first two years of postsecondary study.

We refer to three of the remaining student assistance programs on the GAO inventory of employment and training programs as the Campus-Based Programs. These are the Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan programs. We award these funds to institutions, which in turn make awards to individual students.

The total dollars from these programs going to postsecondary vocational students are smaller than for either the Federal Pell Grant or the Federal student loan programs. First of all, total funding for these programs is much lower, and fewer community colleges and proprietary schools participate. In fiscal year 1991, community colleges received about 14 percent of Federal Work-Study funds, 13 percent of SEOG funds, and 2.7 percent of

Federal Perkins Loan funds, compared to the 20 percent of Pell and 10 percent of FFEL program funds they received. Proprietary institutions received only about 2 percent of Federal Work-Study funds, 11 percent of SEOG funds, and 5 percent of Perkins Loan funds, compared to the 20 percent of Pell and FFEL program funds they received. Thus, these Campus-Based Programs are not a major source of support for postsecondary vocational training.

The GAO inventory also lists the State Student Incentive Grant Program as an education and training program. SSIG was created in the 1970s to encourage the States to develop their own scholarship programs. It has succeeded in its efforts, and all States now have State scholarship programs. The Administration has not requested any additional funding for SSIG. However, with current funds, about half of the States do allow postsecondary vocational students to receive SSIG grants.

Thus, the Title IV student assistance programs, while not targeted exclusively or even primarily to vocational students, nevertheless make available each year more than \$5 billion in financial assistance to about 2 million students enrolled in programs of two years or less at community colleges and proprietary schools.

The testimony you received from the General Accounting Office also included on its list of employment and training programs

several programs that are not vocational education and training programs themselves, although a small percentage of the students served by these programs do go on to pursue vocational education. Most notable among these are some of the TRIO programs: Upward Bound, Talent Search, Student Support Services, and Educational Opportunity Center programs. These programs were enacted in the 1960s and 1970s to increase the number of low-income and disadvantaged students enrolling in institutions of higher education.

Talent Search and Upward Bound identify low-income, disadvantaged middle and secondary school students and provide them with the academic skills and financial aid information they will need to pursue a postsecondary education. Student Support Services grants are made overwhelmingly to two- and four-year institutions of higher education to enable them to provide tutoring and counseling in core academic subjects to low-income, disadvantaged students.

While the Educational Opportunity Center program does provide services to a larger number of adult students than either Upward Bound, Talent Search, or Student Support Services, its services, too, are greatly focused on assisting students and adults in gaining admission to a collegiate-sector institution.

We do not believe that these four programs should be included in

an inventory of employment and training programs.

Another program included in the GAO inventory, the Veterans Education Outreach Program, was not reauthorized in the Higher Education Amendments of 1992 and thus is no longer administered by OPE. In addition, the Student Literacy Corps program was not funded in the fiscal year 1994 appropriation.

SPECIAL INITIATIVES AND FUTURE DIRECTIONS

Working with our colleagues in other Federal agencies and with the states to reduce duplication and increase monitoring and accountability, and with students and parents themselves through an expanded program of consumer information, we can reshape postsecondary vocational training to meet the challenges American workers face in the 21st century.

To accomplish this goal, we have committed ourselves to program simplification and administrative efficiency, as can be seen in the Administration's Federal Direct Student Loan program that both consolidates and simplifies the student loan system.

We are also concerned about accountability and outcomes. We have new legislation that requires institutions to provide current and prospective students with far more detailed information about completion and graduation rates and job certification and placement rates. Similarly, the new authority we received in

1992 to fund the State Postsecondary Review Program will augment our efforts to assess and monitor programs by making the states partners in these efforts.

Also, we have published recently final regulations for the program integrity triad that make our gatekeeping function more efficient. In the future, these new regulations, coupled with sound management, will prevent schools with poor educational programs and inadequate fiscal controls from participating in the Title IV student financial assistance programs. We have made similar changes to the system by which we recertify every four years the eligibility of institutions that already participate in these programs.

Our ability to measure outcomes of the training students receive will also increase as we expand the National Postsecondary Student Aid Survey with longitudinal follow-up studies. This survey has already provided us with more information than we have had previously and will, in the future, provide us with far better longitudinal data about the careers of students who receive assistance from our programs.

We also have intensified our efforts to educate student consumers. We now annually print and distribute to students and parents about 9 million copies of the publication that describes our student assistance programs, The Student Guide. This

publication includes a major section on "Choosing a School" that advises students to check out a school's fees, accreditation, default rate, and placement rates before they enroll.

We also have printed and widely distributed "School Shopping Tips," a publication that provides consumer information about postsecondary education to students and parents and lists for students the essential questions they should ask before enrolling in a postsecondary institution.

We have taken several measures to make our programs simpler for our student consumers. Students who have applied in a previous year may now use a "Renewal Application" that is shorter and contains fewer questions to reapply for aid. Similarly, we now use one need analysis system to determine a student's eligibility. Our student aid processing system now permits financial aid administrators to make data changes electronically, which speeds up and simplifies processing for both our student and institutional customers.

In addition, we have eliminated from participation in our programs many schools with high default rates in the student loan programs; these schools were often poor-quality proprietary vocational schools that used questionable recruitment techniques and unrealistic career and salary promises to enroll poorly-prepared students in their programs of study.

Of equal importance, we are now working with our colleagues in other Federal agencies on important Administration initiatives that will improve the quality of postsecondary vocational training. These include the School-to-Work Opportunities Act, the proposed Reemployment Act of 1994, and other initiatives. For example, under the proposed Reemployment Act, customers of the One-Stop Career Centers will obtain, free of charge, information about Federal student financial assistance. We look forward to expanding this cooperation further in the months ahead.

We will also build on the reforms we began last year with the Federal Direct Student Loan program. Thus, we have begun a systematic review of all our programs focusing on how to achieve the following objectives:

- increasing access and retention for all students;
- improving the targeting of student aid funds to the neediest students;
- providing incentives for success in postsecondary education;
- exploring the best means for supporting postsecondary vocational education and training; and
- improving the efficiency and effectiveness of the Federal student assistance programs.

This review also responds to the President's directive that we reinvent government where doing so will benefit the taxpayer and our customers.

As part of this effort, we will examine the role our programs play in funding postsecondary vocational training and, if necessary, devise new ways of assuring program efficiency and accountability. We are looking at appropriate levels of support, targeting of our assistance, and where we can, eliminating any overlap or duplication. We expect this effort to deliver to our customers the type of dividends in cost effectiveness and administrative simplicity that were incorporated in the Federal Direct Loan Program.

The Department of Education realizes the importance of our investment in postsecondary vocational training and is working to assure students and taxpayers that the benefits that it provides to students merit the expenditure.

I will be happy to respond to any questions that you may have.

Mr. PETERSON. Ms. Dawson.

STATEMENT OF DIANN DAWSON, ACTING DIRECTOR, OFFICE OF FAMILY ASSISTANCE, ADMINISTRATION FOR FAMILIES AND CHILDREN, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. DAWSON. Thank you for this opportunity to appear before you. I am Diann Dawson, the Acting Director of the Office of Family Assistance in the Administration for Children and Families in the Department of Health and Human Services.

The Office of Family Assistance is responsible for the Aid to Families with Dependent Children program, the Federal/State program that provides financial assistance to needy children and their families, and the Job Opportunities and Basic Skills Training [JOBS] Program.

In addition, our office manages the child care programs under title IV-A of the Social Security Act that help families either on AFDC or at risk of going on to AFDC. I will limit my remarks today to the JOBS Program and our efforts to coordinate with the other Federal agencies represented here at the table that serve JOBS participants.

The Family Support Act of 1988 required all States to establish a JOBS Program. The JOBS Program requires that nonexempt AFDC recipients participate in employment, education and training to help them become self-sufficient.

Under JOBS, the Department is making available this year \$1.1 billion in Federal matching funds.

The Family Support Act does not require States to build a program that is parallel to or duplicative of the Job Training and Partnership Act or any other education and training program.

Instead, the JOBS Program relies very heavily on JTPA, State, and local education departments, other service agencies and voluntary agencies to provide these services. In fiscal year 1993, approximately 520,000 participants each month were receiving education, training, and employment services through JOBS.

I would just mention one local program which is an illustration of how JOBS coordinates with a variety of community service agencies. This specific program is in Kenosha County, WI. This program has served as the model emphasizing early and extensive interventions to improve a family's chances of becoming self-sufficient.

JOBS Program components are integrated to provide participants with easy and timely access to a progressive series of activities, both work related and training, that require the same kind of commitment in time and energy as full-time employment does. The uniqueness of this program is in the structure of how Kenosha County develops the program and provides the services.

Kenosha's design offers program participants sort of a "one-stop shopping." In addition to JOBS Program employees, child support staff, job service placement counselors, training coordinators, and remedial training instructors are colocated at the JOBS center. Colocation serves the dual function of ensuring that participants have easy access to the services and activities that they need, as well as helping the staffs from the different agencies to work to-

gether to assist these individuals in a more effective and efficient manner.

Programs like Kenosha's build teams, foster a collaborative environment, promote better communication across agencies, and emphasize service delivery. Since the implementation of JOBS, we have made a concerted effort at the Federal level to work together to enhance the coordination of human resource programs that impact families on welfare not only because it was required by the Family Support Act, but because we believe coordination is required to help these families become self-sufficient.

We have established especially strong and productive relationships with the Department of Labor and the Department of Education, as Assistant Secretary Kappner mentioned. The Departments of Education and Labor joined the Department of Health and Human Services in funding the JOBS technical assistance contract.

This year we have focused much of our effort on a series of regional workshops and conferences entitled "Fostering Service Integration: New Directions and New Ideas." The purpose of these workshops was to help State and local interagency teams. These were teams made up of JOBS, JTPA, and Education staff to discuss and plan new and better approaches to providing integrated services to welfare recipients.

Although the JOBS technical assistance contract is ending, I am confident that the linkages that we have forged will continue to serve us well as this administration undertakes welfare reform, re-employment programs, school to work initiatives, and education reform efforts.

We greatly appreciate this subcommittee's interest in the JOBS Program. We share your conviction that employment and training programs should be streamlined and coordinated wherever possible.

And I can assure you that coordination at all levels will continue to be a primary objective as the administration completes its welfare reform proposals. We are very excited about this opportunity to refine the JOBS Program, to make it as efficient as possible and as responsive as possible to the families who need our services.

Thank you.

[The prepared statement of Ms. Dawson follows:]

STATEMENT BY

DIANN DAWSON

ACTING DIRECTOR
OFFICE OF FAMILY ASSISTANCE
ADMINISTRATION FOR CHILDREN AND FAMILIES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

MAY 3, 1994

STATEMENT BY
DIANN DAWSON
ACTING DIRECTOR
OFFICE OF FAMILY ASSISTANCE
ADMINISTRATION FOR CHILDREN AND FAMILIES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
BEFORE THE
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

MAY 3, 1994

Mr. Chairman, Members of the Committee, thank you for the opportunity to appear before you this morning. I am Diann Dawson, the Acting Director of the Office of Family Assistance in the Administration for Children and Families. The Office of Family Assistance is responsible for the Aid to Families with Dependent Children (AFDC) program -- the Federal/State program that provides cash assistance to needy children and their families -- and the Job Opportunities and Basic Skills Training (JOBS) Program. In addition, our office manages several child care programs under title IV-A of the Social Security Act that help families either on AFDC or at risk of going on AFDC. My remarks today will focus on the JOBS program and our efforts to

coordinate with other federal agencies that serve JOBS participants.

Under the JOBS program, DHHS is making available to States \$1.1 billion in Federal matching funds to provide employment, education, and training services to AFDC recipients.

JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS) PROGRAM

The Family Support Act of 1988 required all States to establish a JOBS Program. JOBS requires non-exempt AFDC recipients to participate in employment, education, or training to help them become self-sufficient. States must provide educational programs such as basic education, high school or equivalent education, as well as job skills training, job readiness activities, and job placement services. They also must offer at least two additional activities from a list of options that includes job search, work experience programs, and on-the-job training programs. Finally, States must provide recipients with necessary support services, such as transportation and child care.

The Family Support Act does not require States to build a program parallel to or duplicative of the Job Training Partnership Act or any other education or training program. Instead, JOBS relies heavily on JTPA, State and local education departments, other

State agencies, and voluntary agencies to provide services to JOBS participants.

Let me give you a brief status report on the implementation of JOBS. As required by the Family Support Act, all States implemented a JOBS program for AFDC applicants and recipients by October 1990. In addition, all States met the requirement to have statewide JOBS programs by October 1992. In FY 1993, approximately 520,000 participants each month were receiving education, training and employment services through JOBS to become self-sufficient. Also as of October 1990, all States began providing cash assistance to two-parent families through the AFDC-UP program. In fiscal year 1994, there is an additional requirement that States engage 40 percent of their AFDC-UP caseload in work activities.

Recent findings from the evaluations of California's Greater Avenues for Independence (GAIN) program and Florida's Project Independence reaffirm that education, training, and employment programs implemented in a variety of circumstances can substantially reduce dependency. Because of its longer follow-up period, I will focus on GAIN, but I want to point out that impacts for Project Independence are similar to what GAIN's were at the same point, and that California and Florida account for over one-fifth of the nation's AFDC recipients.

GAIN is a statewide initiative that predated the implementation of JOBS, but now serves as California's JOBS program. The GAIN evaluation was designed and begun prior to the implementation of JOBS, but continued as the GAIN program was converted to JOBS. It gives us an early indication of the impact we might expect from the JOBS program.

According to Manpower Demonstration Research Corporation's (MDRC) preliminary findings, five of the six counties in the study showed moderate-to-large gains in earnings and/or welfare savings. Across all six counties, earnings for registered single parents increased 21 percent over the control group (with 24 percent increases in the second year). Welfare payments were reduced six percent (seven percent in the second year).

There are some equally encouraging data regarding GAIN's effects on employment and case closures. Twenty-nine percent of single parents were working at the end of the follow-up period -- a statistically significant, 25 percent increase (using an unweighted average) over the employment rate for the control group. Three counties showed a significant decline (ranging from 3.1 to 11.5 percent) in the proportion of registrants who were receiving AFDC at the end of two years. Further, larger effects may emerge as the registrants who have only recently started education and training components become job-ready.

Kenosha

As I said before, JOBS coordinates with a variety of community service agencies to help AFDC families become self-sufficient. I'd like to illustrate this by talking about a specific JOBS program, that of Kenosha County, Wisconsin. The Kenosha JOBS program emphasizes early and extensive interventions to improve a family's chances of becoming self-sufficient. JOBS program components are integrated to provide participants with easy and timely access to a progressive series of activities that require the same commitment of time and energy as full-time employment does. Work-related activities include a motivational workshop, a job-seeking skills workshop, job search, customized training, community work experience, on-the-job training and work supplementation. Training activities include on-site adult basic education including high school diploma equivalency preparation and English-as-a-second language instruction; and one and two-year vocational curricula at the local vocational and technical college.

The unique aspect of this program comes in the structure Kenosha County has developed to provide its services. Kenosha's design offers program participants "one-stop shopping," so to speak. In

addition to JOBS program employees, income maintenance technicians, child support staff, Job Service placement counselors, training coordinators, and remedial education instructors are co-located at the Job Center.

Co-location serves the dual functions of ensuring that participants have easy access to the programs and activities they need and helping staff from different agencies work together to assist participants more effectively and more efficiently. Programs like Kenosha's build teams and foster a collaborative environment, promote better communication across agencies, and simplify service delivery. Kenosha's experience suggests that co-location can improve service to welfare clients. In 1992, the Kenosha program achieved an average monthly participation rate in excess of 40 percent, substantially higher than the Federal requirement. We hope the encouraging results in this program will persuade more States to take advantage of the opportunities for coordination that are available to them. And we in ACF will continue to work to remove barriers to such collaboration.

COORDINATION WITH OTHER FEDERAL DEPARTMENTS

Since the implementation of JOBS, we have made a concerted effort at the Federal level to work together to enhance coordination of human resource development programs that impact families on welfare, not only because it is required by the Family Support

Act, but because we believe that is what is required to help families achieve self-sufficiency. We have established especially strong and productive relationships with the Departments of Labor and Education. They joined the Department of Health and Human Services in sponsoring and funding the JOBS technical assistance contract. Under the contract, we held national and regional conferences and developed training materials and other publications. This year we have focused much of our effort on a series of regional workshops, entitled "Fostering Service Integration: New Directions/New Ideas." The purpose of these workshops was to help State and local "interagency" teams -- made up of JOBS, JTPA, and Education staff -- discuss and plan new and better approaches to providing integrated services to welfare recipients.

Although the JOBS technical assistance contract is ending, I am confident that the linkages we have forged will continue to serve us well as this Administration undertakes welfare reform, re-employment programs, school-to-work initiatives, and education reform efforts.

Another important interagency technical assistance initiative involving the three Departments is underway through the auspices of the National Institute for Literacy (NIFL). With support from all three Departments, NIFL has awarded a number of grants to States to develop a coordinated performance measurement system

and an interagency staff development system for agencies offering basic skills and literacy-related services. The three Departments also have participated in academies designed to assist grantees to develop strategic action plans.

Another noteworthy example of interagency coordination is the collaboration by DOL and DHHS on the Job Training Reform Amendments of 1992. In this case, we worked closely at the Federal level to advise both the JOBS and JTPA systems on the impact of the amendments on the two programs and their interactions.

CONCLUSION

Through the Family Support Act and other State and local initiatives, we have gained a better understanding of how our welfare programs work and about the effectiveness of some alternative program models. The experience and perspective which recipients, advocates, community-based organizations, State and local officials, and researchers have shared with us also have been very instructive.

Last year, the President appointed a Working Group on Welfare Reform, Family Support and Independence and charged it with developing a plan that would fulfill his commitment to end

welfare as we know it. Officials from the Departments of Education and Labor have been actively involved in the work of this group; they are working closely with us to foster better coordination of our program efforts and to ensure that welfare recipients have access to appropriate education and training services.

We greatly appreciate this Subcommittee's interest in the JOBS program. We share your conviction that employment and training programs should be streamlined and coordinated wherever possible. I can assure you that coordination at all levels will continue to be a primary objective as the Administration completes its welfare reform proposals. We are excited about this opportunity to refine the JOBS program to make it as efficient as possible and as responsive as possible to the families who need our assistance to become self-supporting.

Mr. PETERSON. Ms. Dollarhide, welcome to the committee.

**STATEMENT OF CELIA P. DOLLARHIDE, DIRECTOR,
EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION**

Ms. DOLLARHIDE. Thank you for the opportunity to appear before this subcommittee to provide testimony concerning the various employment and training programs that we at the VA administer.

Mr. Chairman, this June marks the 50th anniversary of the GI bill. It was on June 22, 1944, that President Franklin D. Roosevelt signed the Servicemen's Readjustment Act of 1944, better known as the GI bill of rights.

At the time, there was little realization of the dramatic impact this legislation would have on the Nation. Now, the GI bill is generally recognized as one of the most significant pieces of legislation in American history.

The GI bill changed the entire concept of adult education in the country. The World War II GI bill had a tremendous impact on apprenticeship and on job training and institutionalized vocational training.

Our most popular program now, one on which our franchise is built on, is the Montgomery GI bill active duty, chapter 30. Unlike earlier GI bills, the current program is primarily oriented toward college-level training, although veterans may select any type of approved training, about 90 percent of trainees choose undergraduate or graduate level training.

In sharp contrast to this, the number of job training and apprenticeship trainees has been slightly more than 1 percent while vocational trainees account for 8 percent of our trainees.

In order to assure that the veteran becomes employed, the job training program has certain requirements built into it. For example, there must be a reasonable certainty that the job will be available to the veteran or eligible person at the end of the training period. Apprenticeship training has also built-in protections for the trainee.

We also administer the Service Members Occupational Conversion and Training Act of 1992 known as SMOCTA, and the VA is the lead agency. The other agencies involved are the Departments of Defense and Labor.

The program became operational in July 1993. Its primary focus is to assist members of the armed forces who were, and are, adversely affected by the drawdown of the armed forces or who were given incentives to voluntarily separate from the service to achieve force reduction goals.

The end result of the training must be a quality job measured by its stability, longevity, wages, and opportunity for advancement. To ensure that this end result is accomplished, 25 percent of the employee's wages are withheld by VA until the veteran has been employed full time in the job for which he or she was trained for a period of 4 months following completion of the training program.

Throughout the history of the GI bill and the vocational rehabilitation programs we have worked closely with the Departments of Education, Defense, and Labor.

Our education program officials meet with their counterparts in the Departments of Defense, Labor, and Education on a routine

basis to discuss any difficulties in administrative issues that may arise.

In addition, representatives of the Departments of Defense, Labor, and Education, the military services and reserve affairs are included in planning and training sessions held for our regional office personnel.

Mr. Chairman, VA serves as a focal point for our various veterans' needs. These needs include medical care, counseling, education benefits, loan guarantee benefits, compensation and pension benefits.

Our apprentice on job and vocational training programs under the GI bill are a part of this. Under the vocational rehabilitation program for disabled veterans apprentice on job and vocational training programs are specifically designed to assist veterans in overcoming their disabilities in order to become employed.

As a result of this type of focus, our experience with these programs under the Montgomery GI bill and the vocational rehabilitation programs has been positive.

Thank you for your attention. I will be pleased to answer any questions you may have.

Mr. PETERSON. Thank you.

[The prepared statement of Ms. Dollarhide follows:]

STATEMENT OF
CELIA P. DOLLARHIDE
DIRECTOR, EDUCATION SERVICE
VETERANS BENEFITS ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT, HOUSING AND AVIATION
COMMITTEE ON GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
May 3, 1994

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to appear before this Subcommittee to provide testimony concerning the various employment and training programs which we administer.

Mr. Chairman, this June marks the 50th Anniversary of the GI Bill. It was on June 22, 1944, that President Franklin D. Roosevelt signed the "Servicemen's Readjustment Act of 1944," better known as the "GI Bill of Rights." At the time, there was little realization of the dramatic impact this legislation would have on the Nation. Now the GI Bill is generally recognized as one of the most significant pieces of legislation in American history.

During the past five decades, the original GI Bill and its successors, including the current Montgomery GI Bill, have had a profound impact on vocational training and education in general. Billions of dollars in education and training for millions of veterans (almost 22 million to date) have been invested, and the Nation has, in return, earned many times its investment in increased taxes and a dramatically changed society.

Under the WW II GI Bill alone, close to 8 million returning veterans of World War II received training under the program: 2.2 million in

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institutions of higher learning; nearly 3.5 million in vocational-technical schools; 1.4 million on-the-job; and almost 700 thousand in institutional on-farm training.

The GI Bill changed the entire concept of adult education in the country. In 1947, the peak year, veterans accounted for 49% of college enrollments. At land-grant colleges, this percentage was higher. In 1950, American colleges conferred almost one-half million degrees, 162% more than in 1939. Vocational-technical training became institutionalized. Veterans could go to school to receive specialized vocational training and assistance in finding a job.

The impact on vocational-technical training, however, was much greater with the earlier GI Bills, especially the World War II GI Bill. More recently, the great majority of veterans have chosen to enter institutions of higher learning.

The employment and training programs that VA currently administers are targeted to specific categories of veterans and other persons eligible by virtue of their relationship to the veteran. The programs are not overlapping -- veterans receive assistance through the various GI bills, and eligible dependents through the Dependents' Educational Assistance program. Further, the more recently enacted Service Members

Occupational Conversion and Training Act (SMOCTA) is a job training and employment program specifically targeted to assist veterans discharged after August 1, 1990.

We also administer the Vocational Rehabilitation and Counseling program. Under this program, service members and veterans, as well as dependents of deceased and totally disabled veterans, may receive a wide range of vocational and education counseling services. The vocational rehabilitation program is primarily aimed at individuals who suffered a service-connected disability or disabilities in active service evaluated as 20 percent or more disabling or 10 percent disabling if they have a serious employment handicap. Its purpose is to provide all services necessary and appropriate to enable eligible veterans to prepare for, obtain, and retain suitable and stable employment. On average, veterans who completed vocational rehabilitation experienced a 37.5 percent increase in income in 1993. These veterans went from average annual earnings of just over \$4,300 to more than \$20,500.

As I indicated earlier, Mr. Chairman, unlike earlier GI bills, the current program is primarily oriented toward college-level training. In fact, one of the purposes of the Montgomery GI Bill-Active Duty (chapter 30), as contained in the law itself, is "to extend the benefits of a higher education

to qualified men and women who might not otherwise be able to afford such an education...."

Under the programs we administer, veterans select the type of training they desire to pursue and are paid an educational assistance or training allowance based upon the nature and rate of their course pursuit. From the beginning of the current GI Bill through Fiscal Year 1993, about 90 percent of trainees chose to pursue undergraduate or graduate level training. In sharp contrast to this, the number of job-training and apprenticeship trainees was slightly more than 1 percent.

In addition to job training under the various veterans' and dependents' education programs, an eligible person may pursue vocational-technical training. This includes approved courses in such areas as electronics, automotive repair, barbering, flight training and other areas of endeavor in which the individual receives specialized training, but does not receive a college degree. Eight percent of our trainees are engaged in this type of vocational training.

As is evident from these figures, our training is heavily weighted toward college-level training. We believe this phenomenon reflects our current societal notions about the economic necessity of having a college degree

and, increasingly, the importance of a Master's degree or first professional degree.

VETERANS EMPLOYMENT AND TRAINING

The Department of Veterans Affairs has three main organizational components: the Veterans Benefits Administration (VBA), the Veterans Health Administration (VHA) and the National Cemetery System (NCS). VBA administers the veterans' benefits programs previously mentioned. Within VHA, which provides medical care, and NCS, which oversees our cemetery system and memorial affairs, there are no programs which could be characterized as veterans' employment and training programs. I will address this in greater detail later in the testimony.

VBA PROGRAMS

On-job training/apprenticeship and vocational training opportunities historically have been available through the GI Bill and the Dependents' Educational Assistance Program. I indicated earlier that such training currently accounts for relatively few trainees, as compared with college-level training.

Of the \$1.2 billion spent in Fiscal Year 1993 for veterans' educational assistance, 1 percent was provided for apprenticeship/on job training, while 8 percent was spent on vocational-technical training. This does not include expenditures for the Montgomery GI Bill-Selected Reserve program (chapter 106 of title 10, United States Code) which is funded by the Department of Defense.

For Fiscal Year 1993, there were slightly more than 438,000 total trainees in VA-administered programs, (including chapter 106 but excluding vocational rehabilitation trainees). Similarly, we project about 475,000 total trainees for Fiscal Year 1994. Under the vocational rehabilitation program, in Fiscal Year 1993, more than 40,000 veterans received rehabilitation services, including more than 5,000 who received employment services. Slightly fewer than 30,000 received vocational and education counseling.

Veterans and eligible dependents pursuing apprenticeship and on-job training under VA's educational benefit programs receive a monthly training allowance based upon the number of hours worked. This training allowance is lower than the educational assistance allowance payable for institutional attendance, since the apprenticeship/on-job trainees are also being paid a wage by the employer. The training allowance is reduced

every 6 months, as the veteran becomes more skilled in the job and earns more salary. Under these programs, there is no employer reimbursement.

A number of statutory requirements must be met in order for on-job training and apprenticeship programs to be approved. In the case of on-job training, the job for which the veteran is to be trained must customarily require full-time training for a period of not less than 6 months and not more than 2 years. Another requirement for approval is that there must be a reasonable certainty that the job will be available to the veteran or eligible person at the end of the training period.

The wages paid to the trainee at the start of the training must be at least 50 percent of the wages paid for the target job -- the one for which the veteran or eligible person is to be trained. Also, the trainee's wages must be increased in regular periodic increments until, not later than the last full month of the training period, the wages will be at least 85 percent of the wages paid for the target job.

In the case of apprenticeship training, programs may be approved when the appropriate State approving agency (SAA) is satisfied that the programs of apprenticeship meet the standards of apprenticeship published by the Secretary of Labor, pursuant to section 50a of title 29, United States Code, as well as any other reasonable criteria as the SAA establishes. In addition,

the employer must provide each veteran or eligible person a signed copy of that individual's apprenticeship agreement. The training agreement must make reference to the training program and wage schedule as approved by the State approving agency.

VA has long viewed job training as a beneficial, effective means of readjustment. Under VA job training, the veteran achieves immediate employment and, in the great majority of cases, that employment continues after training is completed. Furthermore, the veteran obtains job skills which serve him or her now and in the future.

As I mentioned earlier, VA administers the Service Members Occupational Conversion and Training Act of 1992 (SMOCTA). This program became operational in July of 1993. The primary focus of SMOCTA is to assist members of the Armed Forces who were and are adversely affected by the drawdown of the Armed Forces or were given incentives to voluntarily separate from service to achieve force-reduction goals. Because of their military experiences, these individuals are a valuable asset to an employer - they are well educated, have excellent work histories, are dependable and stable. However, they may have skills acquired in the military which are not readily transferable to the civilian labor market. Consequently, SMOCTA provides the opportunity for entry into a job-training program to

assist separated service members with their integration into the civilian labor force.

The SMOCTA program helps eligible veterans obtain stable and permanent positions by partially defraying an approved employer's training costs. The end result of the training must be a quality job measured by its stability, longevity, wages and opportunity for advancement. To ensure that this end result is accomplished, 25 percent of the employer's wage is withheld by VA until the veteran has been employed full-time in the job for which he or she was trained for a period of 4 months following completion of the training program.

While VA has been designated as the lead agency, we administer SMOCTA jointly with the Department of Labor (DOL) and the Department of Defense (DOD). From the time the enabling legislation was enacted in late October 1992, we worked closely with both Departments to get the program off to a good start. In this connection, we entered into an operational Memorandum of Agreement (MOA) with both agencies and have joined with DOL and the National Veterans Training Center (NVTC) to develop and provide training sessions for appropriate VA, DOL, and State Employment Security Agency personnel who administer the program.

Initially, \$75 million was appropriated for SMOCTA for Fiscal Years 1993 through 1995. For Fiscal Year 1994, an additional \$25 million was authorized, of which \$6.25 million was appropriated to be used in FY 1994 and the next two fiscal years. As of March 31, 1994, almost 2,300 veterans were employed under the program. Total payments of more than \$1.5 million had been made.

OVERALL COORDINATION WITH OTHER AGENCIES

Throughout the history of the GI Bill and Vocational Rehabilitation programs, we have worked closely with the Department of Education (ED), DOD and DOL. Through the Advisory Committee on Education, we have jointly discussed and worked out policy options with all three of these Departments over the years. Especially with regard to the Montgomery GI Bill, our education program officials meet with their counterparts in DOD on a routine basis to discuss any processing difficulties and common administrative issues that may arise. In addition, representatives of DOD, the military Services, and Reserve Affairs are included at planning and training sessions held for our regional office personnel. VA and the National Association of State Approving Agencies (NASAA) have jointly developed the National Training Curriculum (NTC), primarily to train new officials of State approving agencies. In conjunction with this effort, in 1992, VA and NASAA staff jointly provided four regional training

workshops to State approving agency and VA personnel to introduce the new curriculum. Last year, additional training was provided and we plan to conduct another training workshop for new personnel this summer. We have found that these sessions have strengthened both monitoring and oversight.

VETERANS HEALTH ADMINISTRATION

The GAO Report, Multiple Employment Training Programs: Most Federal Agencies Do Not Know If Their Programs Are Working Effectively incorrectly identifies three (VHA) programs as providing employment training for veterans. These programs are, in fact, treatment and therapeutic assistance programs for homeless veterans, most of whom suffer from severe and persistent mental illnesses and substance abuse disorders. Brief descriptions of these three programs are provided below:

-- Health Care for Homeless Veterans (HCHV) Program is a multiple component program that offers a range of services to homeless mentally ill veterans. These programs were first authorized in 1987 through Public Law 100-6 and are now based in 57 VA medical centers across the country. Primary services for homeless mentally ill veterans include: 1) aggressive outreach to locate homeless veterans in shelters, soup kitchens and on the streets; 2) clinical assessments to determine treatment

needs; 3) treatment; 4) referral and ongoing case management to assure homeless veterans are receiving appropriate care and services from VA and non-VA programs; and 5) placement, when appropriate, in community-based residential facilities for transitional treatment and rehabilitation. VA pays for this transitional rehabilitation through contracts with more than 125 non-profit residential care providers.

-- Housing and Urban Development - VA-Supported Housing (HUD-VASH) Program. Although the GAO draft report identifies HUD-VASH as a separate program, it is a component of the HCHV program identified above. In this joint initiative with HUD, VA staff at 19 VA medical care facilities provide ongoing case management services to help homeless veterans locate and remain in permanent housing. HUD has specially designated 600 Section 8 Housing Vouchers for homeless veterans who are admitted to the HUD-VASH program.

-- Domiciliary Care for Homeless Veterans (DCHV) Program. VA's 33 hospital-based DCHV programs provide comprehensive biopsychosocial rehabilitation services specifically intended to return homeless veterans with physical and/or psychiatric disorders to their maximum level of independent living. More than 1300 VA beds are dedicated to this program. VHA does not manage any formal employment and training programs for veterans. However, an important component of treatment for many

veterans, including those treated in VA's HCHV and DCHV programs, is work therapy. Work therapy is provided solely on the basis of a clinical treatment plan which defines the specific biopsychosocial needs for each patient in treatment.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions you or other members of the Subcommittee may have.

Mr. PETERSON. Mr. Rush, do you have a statement?

Mr. RUSH. Thank you, Mr. Chairman. I do have a written statement, and in the interest of time, Mr. Chairman, I would just ask that the statement be entered into the record.

[The prepared statement of Mr. Rush follows:]



BOBBY L. RUSH
1ST DISTRICT
ILLINOIS

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

COMMITTEES
BANKING, FINANCE AND URBAN AFFAIRS
GOVERNMENT OPERATIONS

**OPENING STATEMENT FOR CONGRESSMAN BOBBY L. RUSH
FOR HEARING BEFORE THE HOUSE GOVERNMENT OPERATIONS
SUBCOMMITTEE ON EMPLOYMENT, HOUSING AND AVIATION
REGARDING REEMPLOYMENT TRAINING ISSUES (May 3, 1994)**

Thank you, Mr. Chairman. I am pleased to be here this morning, as we continue to focus on an issue which is very critical to my congressional district. There are many areas in my district where the unemployment rates range from 20% to 45%; the Oakland community area has a **45%** unemployment rate! The economy appears to be recovering, but when nearly half of the working population of an entire community area has to go day after day without gainful employment, that economic recovery has no meaning for them at all. I am eager for the federal government to focus not only on consolidating the large number of job training programs it presently operates, but also that the two major programs that the Congress will be considering, the "Reemployment Act" and Welfare Reform, be integrated to the fullest extent allowable. It is crucial that there be as few "tiers" in our training programs as possible, and that former welfare recipients be availed the same jobs as displaced workers, and vice versa. Thank you.

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Mr. PETERSON. It will be made a part of the record.

I would like to hear from each one of you concerning this letter that was written by the Governors back in January to the White House asking for some kind of a process to try to coordinate all of this, and then the President set up this coordinating group, I believe.

He wrote a letter in February saying that they were organizing this group that was going to work on this within the White House. And we have been kind of tracking that. And it is hard for us to figure out what is going on there, if anything.

I think it is fair to say that our indications are that not much is going on from what we can tell. So what I would like to know is, what is your involvement with this working group? And what is from your perspective happening, if anything? Mr. Ross?

Mr. ROSS. We have been working closely with, first, the National Governors Association in terms of the Reemployment Act and all of the kinds of consolidation and integrating activities that go with that, a very intense consultation.

Likewise, we have been working with a group within the National Economic Council, the NEC, within the White House, that has been particularly concerned about these efforts and how we pull it together. So, as we have moved along, we have been in sort of a constant dialog with both the Governors, as well as a lot of the local organizations that are equally concerned, council of mayors and folks within the White House in terms of strategy and how this works. So that is how we have been working both with the White House and with the NGA.

Mr. PETERSON. Is this group that is within the NEC, is that the group that the President described in this letter that he sent to the governors?

Mr. ROSS. I am not sure what the title is. I simply think we have been working on these issues that involve both the White House and the NGA. And it has been very—

Mr. PETERSON. I am not getting a very specific answer here. It sounds like this White House group is not—

Mr. ROSS. Well, I am telling you what our experience has been and that we have been actively engaged with the White House.

Mr. PETERSON. Your only involvement with the White House has been on the Reemployment Act and this group within the NEC; is that what you are saying?

Mr. ROSS. There have been discussions also in the White House in terms of looking at the broader employment and training system.

Mr. PETERSON. I think that is this working group. What is happening with that? We can't get much of an answer out of White House as to what they are doing. I was wondering what you think they are doing.

Mr. ROSS. In terms of our participation and with others from other departments of government, trying to talk through what a more coherent system would look like.

It has been a place to talk about common needs that we have.

Mr. PETERSON. Have you had meetings?

Mr. ROSS. Yes.

Mr. PETERSON. How many meetings have you had?

Mr. ROSS. We have been to a series of them.

Ms. KAPPNER. Like the Department of Labor, a number of people from the Department of Education, including myself, have been involved in some working group meetings to discuss relevant issues such as Doug said. How does one go about addressing these overall issues, and particularly how one makes sure to link all the work force issues with the education and training issues in some coherent way?

So there have been meetings and the education——

Mr. PETERSON. How many meetings?

Ms. KAPPNER. I couldn't say how many meetings. I have been to a few. Other folks in the Department of Education have been on a regular basis.

Mr. PETERSON. You get together and you talk? Is that where you are at right now? Is there any kind of plan or anything written down? Somewhere have you gotten to the point where you establish some set of goals you are trying to accomplish? Or are you just getting together talking?

Ms. KAPPNER. We are not just getting together talking, papers are brought forward for discussion of issues. There is not one plan that I am aware of yet.

Mr. PETERSON. So you are still at the discussion stage.

Ms. KAPPNER. Very much at the discussion phase.

Mr. LONGANECKER. I think one of the awkward aspects of this for Gusie and I is that the lead on this is Mike Smith, our Under Secretary, who has been most engaged in those discussions and we are staffing Mike, if you will, and as it relates to our specific portions of the agenda.

It is my understanding that that has been—I mean there have been a substantial amount of discussions, but it is still preliminary in nature. I think Gusie and I would be glad to pull together—be responsible for the five of us here to get back to you with a written response on——

Mr. PETERSON. So you are not involved directly, it is this other fellow that goes to these meetings and you staff him? Is that the deal?

Mr. LONGANECKER. Yes, the Under Secretary is responsible.

Mr. ROSS. The person from Labor is Tom Glynn, who is the Deputy Secretary of Labor.

Mr. PETERSON. And you go along with him?

Mr. ROSS. I go or others of the staff go, depending on what the discussion is or what our schedules are.

Mr. PETERSON. Ms. Dawson, are you involved in this?

Ms. DAWSON. I am not sure who at the Department has the lead, but I will be happy to find out. Peter Edelman, counselor to the Secretary, is the HHS representative.

Mr. PETERSON. Have you been to these meetings?

Ms. DAWSON. No, this is not in my purview, I have not been involved in these discussions.

Mr. PETERSON. We keep hearing how the States and localities want to undertake innovative solutions and that the way to do this is to have waivers, which kind of leads me to wonder what we are up to here.

What you are basically saying is that you don't like what the Federal Government is doing, so we want to ignore it. And by having some new waiver authority to allow the States to go off and ignore what these programs are set up to do, apparently.

That may be a way to go about it, but it just seems to me it would make more sense, if these things are in the way and are not working, it would make more sense to try to eliminate the programs or change them rather than to make this hodgepodge of waivers where each State will go off in their own direction. Apparently each State could come in and ask for different kinds of waivers of different programs. I guess my question is how satisfactory or effective do you think that these waivers are going to be in terms of getting some kind of coordinated program and getting some kind of semblance of order in all of this?

Mr. ROSS. It would seem to me, if I could start off, that waivers are one tool in a broader strategy for doing this. That there is, in fact, the need for some consolidation at the Federal level in the law.

We can't take these different dislocated worker programs and put them together without Congress acting. We simply don't have that ability. So we need that.

Mr. PETERSON. That is part of my question. When are we going to get the proposals to do this?

Mr. ROSS. The Reemployment Act is currently there.

Mr. PETERSON. I grant you that. That is good for a step. And I applaud what you are doing there. But that is just a small part of things.

In this working group, apparently, is where the other action is going to come from. The problem is we have not been able to get any good sense that anything is coming out of that yet.

Mr. ROSS. The School-to-Work Opportunities Act, which Gusie talked about, is another area of action. Scales, standards, and goals 2000—

Mr. PETERSON. Yes, but as you talked about that, you talked about waivers.

Mr. ROSS. I apologize, let me finish my answer. One tool is consolidation, the second is giving people the ability to access these programs at the local level.

It is as if rather than having supermarkets, every product would have its own store. How can I shop that way? That is no way to shop. If I am going shopping, I need a place where I could draw on many products. That is a second part of it. A third part is—

Mr. PETERSON. But what you are saying is that there is something inherently wrong in the Federal program that doesn't allow the States to access these programs.

Mr. ROSS. It is as though you can only put them on the shelves for different periods of time.

Mr. PETERSON. Then why don't we fix that rather than just grant waivers?

Mr. ROSS. I agree. Not just granting waivers. Part of the reason that we are working on this interagency task force on common definitions and performance measures and so forth is to get Congress a report and say if you will, give us more consistency in definitions, we can fit these things on the shelves.

Third, I think what we are finding is that if you try and do these as a one size fits all or standardized programs, every local area has specific ways it wants to put these things together that make sense in that area.

And rather than trying to anticipate in law what that would be or on the other hand simply say, we don't care, do whatever you want with the money, which we also think is not acceptable. It is a framework and saying if you need extra flexibility and it is consistent with the goals that Congress set, then there is no reason to object to letting you do that.

Mr. PETERSON. Maybe what you are saying is that this shouldn't be a Federal effort. This should be a State effort. That we can't figure out what is needed at the State level, what you are saying is if you take the radical point of view, at least—

Mr. ROSS. One could say if you are General Motors, and you will forgive me my Detroit metaphors, but since decisions are best made by the person on the line, each person on the line could start their own car company.

The difficulty is, they tend not to have the resources and the scale to do it. So the notion is each of the different parts of government has value to add, but—

Mr. PETERSON. But you are telling me that the Federal Government is not adding value. We are adding problems and we have to give the States the waivers to get around those problems, all we are giving them is money.

Should we give them just a grant, put it into a block grant, turn it over to the States, and say you figure out what to do with it? We can eliminate a lot of Federal bureaucrats. Is that what you are saying?

Mr. ROSS. No, that is really not what I am saying.

Mr. PETERSON. I know that is not what you are saying.

Mr. ROSS. I wanted to clarify. I thought you didn't.

Mr. PETERSON. If you read between the lines—

Mr. ROSS. GM wants to say to his workers if we are going to make sure that every car is very high quality, you need to have the power to make decisions on the spot to deal with different problems. However while giving you that power, remember it has to be a car when it is over. It has to meet certain kinds of requirements.

Mr. PETERSON. You are telling me that you want to waive those requirements?

Mr. ROSS. No, it isn't the what. The distinction is between the what and the how. The what is what Congress lays out and frequently the administration.

Mr. PETERSON. We have laid out 150 programs.

Mr. ROSS. The what is what you want Americans in different situations to be able to get advice to resources, to take charge of their job lives, and be able to make sure that they are economically competitive and viable.

Mr. PETERSON. And we know better than the States? Is that why we are involved in this? What I am hearing from you is that we are a problem. That we have to have waivers.

And because we have created a system that doesn't work in these States, on one hand, and on the other hand, you are saying that somehow or another we know what should be done, and so we are

going to set these standards. It seems like a kind of a conflicting message.

Mr. ROSS. I mean what we do have is money and the States want the money. We want to be smart investors, Congress, and we together need to be smart investors. We do have certain advantages. We have perspective. We get to see the whole country and what is going on. We have pretty good information relative to others on what is going on in labor markets in this country.

So we can formulate, I think, notions of what kinds of outcomes we are interested in investing in. That is still different from believing that we know sitting here now how in New York where Gusie is from, or Detroit where I am from, or Minnesota where you are from, that we know on the ground the best way to accomplish those ends.

We have an appropriate role, but we need to recognize where it stops and allow for flexibility.

Ms. KAPPNER. I would agree that the conflict is between the what and the how, that we haven't paid enough attention at the Federal level to the what. We need to concentrate our thinking on what are the outcomes we would like to see for the young people and the adults for whom the money is being allocated, but leave the flexibility that will let States and localities achieve it.

Mr. PETERSON. If it doesn't work, who is responsible? We can re-define this and reinvent it. If it doesn't work, then what happens? Whose fault is it? Is it the States' fault? Is it our fault? Is it the workers' fault?

Ms. KAPPNER. I think we need to find ways to build in accountability.

Mr. PETERSON. If you grant waivers, how can you be accountable? If you grant waivers and you have folks going off in different directions, how do you have accountability?

Ms. KAPPNER. You have to have criteria. You have to decide in advance what it is that you want to have at the end of this process, but you might have four or five or maybe more different ways of reaching that. The goal is to reach that level of training.

Mr. PETERSON. But we don't have ways to measure outcomes in most of these programs. It is not being done in a lot of these programs. Is that not correct? You can't tell me who has gotten what job and where they are 3 years after they have gotten the job. I mean in most of these programs that I ask these questions, I am told that information is not available.

So then how do you measure this? I am not trying to be—I am just trying to figure out how this is going to work from a practical point of view. I am not so sure that we know how to make this work. And that is what I am concerned about.

And what I am hearing is—sounds to me like more bureaucracy. We are creating another bureaucracy to manage all this other bureaucracy that doesn't work. I still haven't gotten—you have this working group and they are discussing things, but what I keep hearing is waivers in all your testimonies.

Mr. LONGANECKER. I am not talking about waivers. In our student financial aid programs, we are not talking about giving away all of that. But I would tell you that I think that you hit on one

of the keys—that you can only give waivers if you have good forms of accountability.

That is what Doug and Gusie, in my work with them, have suggested is the key part. States would like to have greater authority over how to use the funds. They would even agree that we need greater accountability.

The devil is in the details when you start talking about that. You are concerned about the validity of the data and the information that you have, and you have value conflicts over what the outcomes of the programs should be.

We are going through those discussions with the higher education community as we try to develop stronger programs so that we can defend our programs better to you and your colleagues, and get the kind of resources for those students that we think are necessary.

But the stage of development that we are in in public policy right now—we all know that we need stronger performance measures and we are struggling to develop those.

We think that in a jobs program, one of the key criteria is whether people get jobs and whether those jobs pay them better than if they hadn't taken the training. But even starting at that point, you get into tremendous, both philosophical and practical, discussions and that is why it is going to be tedious, and it is going to take us awhile to work through this, and we are going to make some mistakes through the first generation of activities and the second generation of activities.

Mr. PETERSON. The National Research Study recommends that there be a single Federal entity to grant waivers for all Federal programs. Are you familiar with that?

Mr. LONGANECKER. I am. I was on that panel before I came to the Federal Government. I had to resign just before they came out with the final report. I am familiar with it.

Mr. PETERSON. What do you think about that idea?

Mr. ROSS. What we have been talking about, at least from Labor's perspective, that we would much prefer a situation where we could sit down with other departments that also had relevant programs and be able to do some of these across departments.

That to us—I don't think we need to say that one place would do this. It seems that there needs to be a way to do it when people are talking about joining or integrating programs that heretofore have operated separately, and that requires a cross diametrical relationship.

Ms. KAPPNER. We will have that opportunity in school to work where we will have the ability to sit down and say how did JTPA regulations affect the ability to do this. How did Perkins funds affect the ability to do this? How can we deal with waivers in some consistent way that will result in good outcomes?

Mr. PETERSON. You don't think setting up a new agency is the way to do this?

Ms. KAPPNER. I don't think we are there yet. We haven't had experience yet with doing it across even two departments. I think we need to see what that experience will bring.

Mr. LONGANECKER. Could I interrupt just a second? I think that inevitably this discussion coming from the White House will get to

that kind of discussion. And how you implement will become a serious part of those discussions.

But in actual fact, a new quasi-governmental agency, which is what they proposed, is something akin to what we created last year for the National Service Corps. Essentially, we tried to get outside the bureaucracy and create an entity that had the authority to do things differently than we had done in the past.

And I think when that publication came out, that was a reasonable strategy. Now, we have the National Performance Review, which is talking about reinventing government overall. And we are now beating the bureaucracy from the inside rather than from the outside, so there may be ways to achieve it in that regard.

Mr. PETERSON. I am going to ask you one more question, and then I will go to Mr. Shays who has just joined us. I don't know if you have a statement or not.

The school to work, I probably should know more about this than I do. Apparently we have appropriated \$300 million for this effort.

Ms. KAPPNER. That is the 1995 budget request.

Mr. PETERSON. \$150 for each department. Can you briefly tell me what this money will be used for?

Ms. KAPPNER. Yes, the moneys will be going for implementation grants to States.

Mr. PETERSON. How much of it?

Ms. KAPPNER. The great percentage of this is going through to the States and to local communities and school districts. Congress gave us, under the 1994 appropriations \$100 million; \$50 million for each agency.

And so States already have gotten development and planning grants, and are in the process of applying for implementation grants. These will go through to States and communities.

States and communities will fund the local partnerships of school districts and businesses so that young people can have the work-based and school-based experience coming together in their local districts. So the great percentage in the funding is required to go through to local communities.

Mr. PETERSON. So these grants would actually, the money would be made available to actual students or displaced workers?

Ms. KAPPNER. To partnerships of schools and business who are providing the curriculum, the counseling, the work-based learning experience, the mentoring, and the ability for these students to get the high school credential, the skills certificate and go on to post-secondary education.

Mr. PETERSON. So there are a number of these grants that have been issued already?

Ms. KAPPNER. States received development and planning grants in 1994. They are developing their systems. They are looking, for example, at how their JTPA moneys and the Perkins moneys can be brought together, how they can take tech-prep models which exist in many States and create a work-based component—that is, to create systems that would really work for young people.

Mr. PETERSON. Is there information available as to what these different ideas are? I mean, is it at that point?

Ms. KAPPNER. From the different States?

Mr. PETERSON. Right.

Ms. KAPPNER. Yes, there is that information. And certainly there are lots of models around because this is an area which local communities and States have been very creative, and which we are providing the parameters to say what a school to work system could look like, but not dictate the ways that they have to use to get there.

Mr. ROSS. If I could, Mr. Chairman, this is again talking about different nonbureaucratic value-added Federal roles. Here is an idea out here that has been tried in some different places.

The President is fond of saying that almost every problem that we have has been solved some place, somewhere in the country.

Mr. PETERSON. But when the Federal Government gets a hold of it, it gets all screwed up.

Mr. ROSS. Well, we can leave it alone in a couple of places.

Mr. PETERSON. Yes, I know.

Mr. ROSS. What we are seeking to do is to come up with a little bit of venture capital that says to those communities, we will invest in a little bit of the cost of change. Use your own resources. We are not putting up operating costs.

And we will put up a little change money which will allow you to look at what has been done elsewhere, and go ahead and create your own program with the expectation that you are going to have to take money from these different pots that are already out there—consolidation, integration—to be able to support a new system of lessons that makes more sense for most of your young people than the current option that they have. No bureaucracy, no compliance, not a lot of rules and regulation.

You have some sense of outcomes that we are looking at to see whether we earned a good return on our investment. That is the kind of mode they will want to use more and more.

Mr. PETERSON. And supposedly the outcome would be to define what is wrong, what we are doing at the Federal level, and then change it so that will more closely fit what works at the local level, is that the purpose of this?

Mr. ROSS. Certainly it is a byproduct of it, because as the folks at the local level pull together funds that come through our departments to do this, they will identify obstacles to overcome or opportunities we could create as we get to reauthorize, be it Carl Perkins or JTPA or the other streams of revenue.

So it begins to create a feedback system, so you know what is working and what doesn't, and so you can change.

Mr. PETERSON. Mr. Rush, do you have any questions or—

Mr. RUSH. Thank you, Mr. Chairman. I do have one question here that I want to get an answer to.

This is for Mr. Ross. First of all, Mr. Chairman, I want to say that this has been quite an interesting interchange between you and the witnesses here, and I do understand your frustration about exactly what we are doing relative to the areas of training programs.

But specifically, I have a question for Mr. Ross. Mr. Ross, I am concerned that we do not lock out welfare recipients—lock them into low-paying jobs. For the last 2½ years it seems as though we are unwilling to find the resources that are needed to address the needs of these people.

I am concerned that these welfare recipients—I am concerned that these 2 year, and then what I call drop-dead mentality regarding the welfare reform matters, that we don't really have the resources to train or offer public sector jobs to those who are on public aid or on welfare who want to receive training.

At the same time, there are hundreds of thousands of economically disadvantaged young Americans who drop out of school because of the fact that they don't want to participate in a classroom type setting. We are not really committed to finding the resources necessary to address the needs of these Americans.

I want to know how can we expect them to become productive citizens, and how will we expect them to stay out of trouble.

I think that entry level jobs teach work skills to these people to be productive citizens. Wouldn't we be better off if we followed a two-pronged approach for those willing to participate and who are ready to participate and provide incentives for employing those who are not? I would like for you to respond to that.

Mr. Ross. Good, that is a superb and obviously challenging question for all of us. We have been trying to provide in this whole area of making sure there are real bridges for the disadvantaged into the mainstream of the American economy by trying to figure out what is working and what is not.

After all, we have been in different ways as a government trying to figure this out for a quarter of a century or more. We recently got the results from a longitudinal study that looked at what happened to people who went through some of—in this case, job training partnership programs over 30 months and compared what happened to them to people who had similarly wanted to get into the program, similarly motivated, but didn't end up going through the program.

We thought that was a better test of the power of the program to make a difference. And about between 25 and 30 percent of all JTPA participants in our disadvantaged programs are actually people who are receiving AFDC. What we learned was a couple of things that we are trying to build on.

No. 1, that for adults, particularly adult women, but for adults, these approaches that we have been taking which involve some job-related training in a structured way, do, in fact, produce pretty decent levels of employment and wages at the first level in the first job in that average \$6, \$6.50 an hour. The study showed positive net impacts. For adults the impact was about \$600 per year—an increase in earnings of about 10 percent. Not huge, but a first step.

What we found, which relates to school to work, is that on the job training returned bigger results than classroom training for low-income adults trying to take that first step in. For young people, particularly out of school young people—and by the way, in 1995 we have asked to put an additional \$140 million in for adults because we have some results that prove that it provides a ladder out of poverty.

At the same time, we looked at programs for out of school young people and what we found was that especially for young males, they were not powerful at all. We needed to rethink it. One of the responses is school to work, because once you have dropped out, the

costs and the chances of getting you moving again are much different.

We have Job Corps, but that is very expensive and limited. The whole approach to school to work is a certain amount of money is targeted specifically to learn how to do it in high-poverty areas. We know that young people liked jobs. They need money. They wanted money in their pocket.

The key is can we take someone, begin getting them interested at 13, 14, and 15. So what we are offering them is work, but work where they are learning that relates back to what they are doing in the classroom. So for the first time it connects up together with something at the end that you could see that can ask result in a job that is not just a \$6 job, but a job that ultimately has a future or you may be inspired that you want to go on to college because of your experience.

So at this point, we are trying to take from what we learned and pull that together, and I think the notion, although the details are not completed on welfare reform, certainly, is to use that period as soon as a person comes in, because anybody can find themselves without income to get AFDC, but the focus immediately is that we have to help you find a place in the labor market, a job, and then perhaps before or after you get your job, the chance to acquire additional skills, so over time that can become a good job. We are trying to draw on these pieces together to put together a system.

Mr. RUSH. OK, but there is a segment of our society of young people, certainly young people who reside in my district, that have already dropped out of school, and that have not assumed all the responsibilities of adulthood, including parenthood.

My question is, what do you do with that large segment, which basically provides us with the most problems at this point in time?

Mr. ROSS. My colleagues, I am sure, will have something to answer. Let me respond quickly. What we know seems to work is Job Corps. But that is about 60,000 young people a year, but that is—we are moving toward that target.

We are trying something called youth fair chance, which is an effort to create—really mobilize a whole set of resources in a community to get behind exactly the young people who are out of school to see how we can help them.

I think in reality what we are saying is we have to let a lot of it go back to the drawing board and try new things. There are some resources in the crime bill that will actually create some employment for young people in that situation so that they can learn while working.

But to say that we know it all and it is just a question of rolling it out, that would not be honest.

Mr. RUSH. What about the targeted jobs tax credit program?

Mr. ROSS. Our own experience has been that it is not a very powerful piece of legislation because most of the employers who hire them hire them first, and then find out later whether they are eligible for the credit, so the availability of the credit didn't influence their hiring decision.

At this point, it is not changing employers's hiring habits at all, and it is money sort of paid after the fact.

Mr. RUSH. Well, let me ask you if you would consider some additional approaches to this targeted job tax credit, maybe if you would consider interviewing the worker to ascertain whether they are eligible before they are even offered a job.

And second, maybe if you would offer employment to a worker based on a referral from a job service or an authorized community based organization, based upon a formal request that they be eligible and that they be referred to the employer.

It seems to me like this is a program that has an enormous amount of potential in terms of creating an immediate, large, vast pool of job opportunities for a desired population, but you have some concerns because you think that the output is being compromised primarily—if I get the gist of your position,—you seem to feel as though the output is compromised solely by the employers somehow compromising the objectives of the program through the implementation process.

Mr. ROSS. The GAO report came back, I think they looked at a program in Alabama, where the conclusion was if I recall the number right, something like 90 percent of those who were employed, where a credit was claimed, by the employer's own admission, would have been hired anyway.

In fact they frequently would hire them in the regular way and get a firm to determine whether or not any of the people they had already hired were eligible for the credit, but to answer your first question, yes, we are very much looking for ways to take what has not been terribly effective and make it effective, and the kind of referral possibility that you talked about is a real serious potential approach.

Mr. RUSH. In December of this year I think this program is supposed to end.

Mr. ROSS. That is correct.

Mr. RUSH. What is the position of the administration in regards to keeping this program alive, appropriating additional dollars for this program? Is the position of the administration to just let it drop?

Mr. ROSS. I think the administration has clearly not asked for renewed funding of the existing program, but at the same time, has made clear that it is interested in looking at options that might, in effect, achieve more powerfully the ends for which the targeted jobs credit was originally created.

So it is one which is saying not a great interest in going forward with the exact program, that is, but a real openness to perhaps finding an alternative that would be more effective.

Mr. RUSH. So you are not interested in doing any type of remedial efforts to salvage this program, you just want to see it come to a conclusion and try to start out with something else; is that right?

Mr. ROSS. I think the idea is not to continue it in its present form, but an active interest in trying to see if there is a different version of it or a replacement for it that would be more effective in actually helping people get jobs.

Ms. DAWSON. Mr. Rush, if I may address your concerns from a slightly different perspective in terms of welfare recipients and preparing them for jobs. The earned income tax credit is now avail-

able, and that will supplement the income of those individuals who are in low paying jobs.

I want to offer for your consideration just some of the information that we have learned from recent findings in terms of welfare evaluations. We have looked, through a study with the Manpower Demonstration Research Corp. [MDRC], at several programs that have implemented JOBS—JOBS is the employment and training program for welfare recipients—and we are looking at that program in the broader context of welfare reform.

We have learned from the study that employment and training programs that are focused on welfare recipients have been successful in a few places. There is evidence that there has been some substantial reduction in welfare dependency as a result of it.

The MDRC study looked at several counties. These were primarily counties in California and Florida, but I will just give you some of the evidence that has come out of the study from the standpoint of the California counties. And in those preliminary findings, five of the six counties studied showed moderate to large gains in earnings and welfare savings as a result of the GAIN Program, which predated the JOBS Program.

Across all six counties, earnings for those individuals—who were primarily single parents—showed increases of 21 percent over the control group as a result of the employment and training activities that these individuals were involved in, and the welfare payments for that same period were reduced some 6 percent.

There is also some equally encouraging data about GAIN's effects on employment and case closures. There were 29 percent of single parents who were working at the end of the follow-up period—statistically significant increase of some 25 percent over the employment rate for the control group.

So we do have information that suggests some of these programs really are working.

Mr. RUSH. What about the programs regarding the Targeted Jobs Tax Credit Program? Is that a program that you have studied also?

Ms. DAWSON. Well, no, I have not studied it. The program has been available, and it is certainly one that in terms of coordinating with the States and making sure that we utilize those resources for the benefit of welfare recipients.

Mr. RUSH. Mr. Chairman, let me just say, I am somewhat concerned and I am somewhat frustrated, as you know, but I am concerned that, we are in the mode of throwing out, possibly, the baby with the bath water here.

We want to put our own sense of authorship to programs, and we really don't have the evidence or the information that says that just throwing these programs out and creating new programs, are really solving the problem, that we are getting to the essence of the problem.

And I think that sometimes, because of our haste to put our own signatures on various approaches, that we really miss the mark and don't really serve the people that we are supposed to serve. I think possibly with some retooling, with some variations in terms of implementation processes that we can much better serve a clientele that we really want to serve and are really committed to serving.

It doesn't take a whole restructuring or reinventing or new approaches, that in essence when it starts being implemented, they are really old approaches, but we call them new approaches and we don't solve the problem.

I think that is the frustration that most people have who are really the clientele and the people who reside in these communities and the people who look toward us for solutions.

And I think that is what we have to look at and we have to try to make sure that we accomplish it. We have to look at the fact, are we really trying to solve the problems or are we trying to create a facade or image so that we can say that we did something, but are we really trying to solve the problems?

And I think that for too long we have been giving lip service. I am not saying that the people who are witnesses here are not people who are concerned and who have invested their lives in terms of trying to solve these problems, but I think that sometimes we get into the point in the bureaucracies—and I came out of local government, and I know that the same thing happens in local government and it probably happens in State government and it happens in Federal Government—we don't get to the essence of what people need and expect and desire from our government in terms of helping them to solve their problems.

And I just think that with this targeted jobs tax credit, I think that it is a program that could possibly fit into what we all are desiring to accomplish if, in fact, we just see what the specific problems are, and try to redesign an approach to solving those problems, rather than just throwing the program away. It doesn't make any sense to me.

Mr. PETERSON. I think you made some good points. I want to recognize Mr. Shays, but as long as you brought up this earned income tax credit situation, apparently what has happened is what I kind of expected, is that most folks or a lot of folks didn't realize that this is available or couldn't figure out how to do it, or whatever.

I used to do income taxes before I got into this business, and my experience was that nobody had a clue that this existed and if you told them it existed, they didn't believe you. And the way that they used to put it on the forms, you couldn't figure out how to do it because it was 6 pages back. Now, they have a form and everything.

But my question is, doesn't the IRS, if you forget to do this or if you don't file it on your tax return, don't they just automatically compute it on your return and send it to you anyway, if you qualify and you don't fill out that form, they will compute it and send you the money?

Ms. DAWSON. So long as you complete a tax return.

Mr. PETERSON. The only people that are going to miss this are the people that don't fill out a tax return. But almost anybody that has a job is going to have some withholding, and you would think would file to at least get their money back, which would trigger the earned income tax credit.

Is your agency following this at all in terms of trying to glean from the IRS just what the situation is as this unfolds?

Ms. DAWSON. We certainly plan to. I think it is a bit early.

Mr. PETERSON. But you are going to be watching this.

Mr. RUSH. Will the gentleman yield?

Mr. PETERSON. Yes.

Mr. RUSH. I just want to take this opportunity, since you brought that up, to herald a program that we developed in Chicago. We organized the Chicago partnership to promote earned income credit, and we got corporations, Ameritech, food chains, the CPA Society, various others—the IRS—and developed the Chicago partnership to promote that earned income credit, and I think we had the local media involved in it, and we did a lot of public relations, community organizations, churches, schools, the Chicago Housing Authority, the Chicago Transit Authority, all of these entities were a part of the partnership.

And we have been very successful in terms of informing, particularly that segment of Chicago that does meet all the requirements, but just don't file their taxes. And we will have our final report which will be issued in the next 2 weeks, but we expect to have increased by at least threefold, the number of people who participated in the earned income credit program.

Mr. PETERSON. I think it is somewhat instructive of the problem that we are facing both with that and the targeted jobs credit, which in my experience was what she said, I can't think of a client that didn't get this just because I told them it was available. They didn't have a clue that they could do this, most of them.

So in both cases, because of the problems that we have in getting these implemented, I think you see that this is not really motivating people. If half the folks are not taking advantage of the earned income tax credit, they clearly are not going out to get a job so they can get the credit because they don't even know that it exists, even when they are qualified for it.

So I think it is a difficult problem to figure out how to make this tax credit stuff work, and you see it in both of the programs. It is a good idea, but it is foreign to a lot of folks who are involved in it.

Mr. Shays, we apologize.

Mr. SHAYS. No problem. Not hearing your testimony, it was very helpful to hear the questions and the responses.

I have read the GAO reports and have been involved in this issue, because any way I look at it, when the GAO says \$25 billion is being wasted, you stop and listen. I happen to have evolved into this view, that 12 year olds having babies, 14 year olds that sell drugs to each other, 16 year olds who kill each other, and 18 year olds whose can't read their diplomas, is the legacy of the welfare state.

And I say that as a moderate Republican who has voted for a number of programs for people that I perceive as in need. I am not going to be voting for a lot of job training programs until I see some changes.

I appreciate the dedication of employees who work for the Federal Government. But we have a system where 11 people get involved in one decision. We need to make some major changes in how we do business.

I happen to share your view that the Federal Government is not doing a particularly good job in a lot of different areas, but I don't

think that has to be inherent. And I also want to say to you I have hired two of my employees from job training programs.

One I had worked for 6 months and it didn't work out for other reasons. She was part of the Hope Agency Program and on her first phone call the person said I am a veteran. She was hired to do casework. A dear, capable, talented young woman who at the end of the call asked "sir, can you tell me what a veteran is?" Here I have someone in my office taking the call of a veteran, asking what is a veteran. The problem was she never had that in her life experience.

I tend to view that even a so-called dead-end job is a first step. Maybe you don't stay in that job, but at least you know to get up in the morning. You know what it is like to do something that you don't want to do. You know what it is like to have a paycheck. All the things that I believe we have to train for in job training.

My second employee from the Private Industry Council has been awesome. This is an extraordinarily capable young woman who was on welfare and is no longer on welfare. I get down on my hands and knees and am thankful that she had a program to go through.

I make this last point, I think that Congress does studies when it doesn't know what else to do. And the executive branch recommends job training programs when it doesn't know how to solve an economic challenge. I have become very skeptical.

Let me ask you, Mrs. Dawson, Labor uses the Social Security numbers to identify people. Why doesn't HHS use Social Security numbers?

Ms. DAWSON. To identify people?

Mr. SHAYS. Income, whether they are truly on welfare, what their needs are. Maybe, Mr. Ross, you could explain how you use the Social Security numbers.

Mr. ROSS. How we use Social Security numbers?

Mr. SHAYS. Yes.

Mr. ROSS. I am not sure I could tell you specifically in terms of how the locals who run our programs, I mean, they obviously take their numbers, but—

Mr. SHAYS. Let me back up a second. Maybe I am on a different wavelength. How do we identify if people are working, have a job, making income? How do we cross reference them from one agency to another to make sure that they are not involved in two different programs?

Ms. DAWSON. In the AFDC program it is through the Social Security numbers. There is a requirement in the statute that everyone present or apply for a Social Security number, and those numbers are used to access earning records, et cetera, to assure that the people are getting benefits accurately.

Mr. SHAYS. OK. Under AFDC?

Ms. DAWSON. Yes.

Mr. SHAYS. Now, if they are in a job training program and receiving a benefit, how do we know that they are not participating in some other program?

Mr. ROSS. Well, actually, if I could, I think Karen Greene, actually knows how that works.

Mr. SHAYS. I would like to know, if you would not mind coming up.

Ms. GREENE. Well——

Mr. SHAYS. You need to come to the microphone and identify yourself for the record.

Ms. GREENE. I am Karen Greene, and I work in the Division of Performance Management Evaluation for Doug Ross, and I am responsible for the Management Information System for JTPA and in reference to your question about Social Security numbers, we have a client level data system that collects information on every person leaving JTPA, and we have Social Security numbers attached to those records with information on their characteristics, services received in the program, and the outcomes that they have received as a result of the program.

Mr. SHAYS. So you use and track people through their Social Security number?

Ms. GREENE. Yes, we do.

Mr. SHAYS. Ms. Dawson, does HHS do the same thing?

Ms. DAWSON. Yes, through tracking individuals. The AFDC program is a State-operated program, and they have to use case identifiers to be able to track those systems.

They are also required to have Social Security numbers and those numbers are used in various ways by the welfare agency to assure that people are receiving benefits appropriately and to access whatever data sources that will give them that kind of information.

Mr. PETERSON. Chris, I think we have been told, at least, maybe I am mistaken, but I think I have been told by others in your agencies that you do not use Social Security numbers. That it is not—it is some kind of a concern——

Mr. SHAYS. Privacy?

Mr. PETERSON. Privacy, yes. I think clearly you do not use the Social Security number across agencies——

Ms. DAWSON. Well, that is true.

Mr. PETERSON [continuing]. Like you should be doing, in my opinion. But I don't think you even do it within your agency, because I don't think that the JTPA has this information across your whole spectrum. They may have it within each service area.

Ms. GREENE. We do now have the capability of being able to track if someone is coenrolled in a title III program.

Mr. PETERSON. Nationwide? You actually have it operating?

Ms. GREENE. We certainly do.

Mr. PETERSON. Really? I can go to your department and get on the computer and tell in Detroit Lakes what it is they are doing?

Ms. GREENE. You would be able to tell that you——

Mr. SHAYS. I am nervous about your having the capability and your doing it. Do you have the personnel, and are you tracking people to make sure that they are not coenrolled in different programs?

Ms. GREENE. We have the ability to look at individuals who are coenrolled in our own JTPA programs. We do not have the ability by Social Security number to determine if they are coenrolled in other programs. However——

Mr. SHAYS. Before you get to the however part, why don't you have that ability? Why are you able to do it in-house and not with HHS?

Ms. GREENE. We have just instituted in-house the ability of being able to track individuals. Up until very recently, the technology did not lend itself to that type of massive data gathering. Within our programs, we are talking about hundreds of thousands of people.

Mr. SHAYS. You don't mean the technology does not lend itself to data gathering. That technology has existed for years.

Ms. GREENE. That is correct.

Mr. SHAYS. And let me just say something to you. I understand this goes to other administrations, and I understand that Congress doesn't always appropriate the funds necessary to give you the technology and so, I don't stand in judgment on this issue. But I believe one of the most important issues that I can get involved in in the next few years is trying to find out how we can spend \$25 billion better, and making sure that people who really need the program get it, and not just an activity that is going nowhere.

I am not passing judgment. I am trying to understand. I am concerned about the capability. You have the capability, but you haven't yet institutionalized this process in-house; is that correct?

Ms. GREENE. If I understand your question correctly, we have not developed a mechanism to communicate with other agencies, non-JTPA agencies in order to track individuals.

Mr. SHAYS. Before I get to that, is it an automatic tracking system within JTPA that will flag it, or do you have to look at this? You have the data, but do you have a system that will catch them right away?

Ms. GREENE. Our system is developed in such a way that we get information at the end of the year. At the local level, at the private industry council service delivery area, county levels, you have the capability in many areas to be able to tell whether an individual is controlled in another programs, so local programs have that capability.

At the national level, we only get records on a once-a-year basis, but we don't get records on everybody.

Mr. PETERSON. Could I ask a question? How does that work? You get it once a year on a computer disk?

Ms. GREENE. We get it on a disk in ASCII file format.

Mr. PETERSON. And then you get it in a data base.

Ms. GREENE. We have a data base, using a national contractor, an independent contractor to assist us.

Mr. PETERSON. Takes all the computer disks from the different machines and puts it into one machine?

Ms. GREENE. Into one centralized system.

Mr. PETERSON. And then what do you do? You run a search and put everything under one Social Security number so that you can tell nationwide where this person is? Is that what you do?

Ms. GREENE. Well, we use it primarily to do analyses within regions, within States, of various subgroups in JTPA and how they are performing and what kind of performance resulted from different types of services.

Mr. PETERSON. When I asked for that, I haven't been able to get it. Is it something new?

Ms. GREENE. If you recall, I think we made mention of this last year.

Mr. PETERSON. When am I going to be able to get this? When am I going to be able to get this information nationwide?

Ms. GREENE. We are just now setting the system up.

Mr. PETERSON. You told me that you have it. So when am I going to get this report, that is what I want to know.

Ms. GREENE. You will get the report probably by the end of the summer when our system is completely operational. We have about 35 States in the system right now.

Mr. PETERSON. Go ahead, Mr. Shays.

Mr. SHAYS. I don't mean to nitpick here, but you say you have the capability, then you say the system isn't complete.

Do you have a system that will flag, right now, instantly, when one individual is involved in more than one program? Right now? Can you put it through a system that would flag them?

Ms. GREENE. Let me explain our schedule, we instituted this system to go into effect in program year 1993, starting July 1 of last summer. Therefore, our first annual submission will be at the end of this program year ending June 30.

We have been using last year's records test data to develop the system and that is what I am referring to. We have test data now—

Mr. SHAYS. So really—this is still in infancy, this program? You haven't even gone through a whole cycle, a whole year. Correct?

Ms. GREENE. We will have a full year of this year's data in a matter of a few months.

Mr. SHAYS. The answer is yes. I am not playing games with you. The answer is yes. Now, this system somehow works in a way that you can't get the information for a whole year. Why?

Ms. GREENE. Because we have a localized system. Over 10 years these local and State programs have developed their own computerized automated systems. We did not want to impose on both the locals and the States another computerized system that might require changing systems that they have put in place and that they are using right now.

We tried to be as nonintrusive as we could by demanding that they download selected information once a year at the end of the program year on all of those people who left the program. So that it would be—have a minimal burden, if you will, on individuals.

Mr. SHAYS. Now, this information that you will get in a few months will tell you what?

Ms. GREENE. It will tell you various employment barriers of individuals, services received while they were enrolled in the JTPA program, the types of jobs that they were placed in, the types of training they received, the wages, the hours they worked, and fringe benefits.

Mr. SHAYS. What about the person who is cheating the system?

Ms. GREENE. What do you mean by the person who is cheating the system?

Mr. SHAYS. Yes, the person who is in more than one program, claiming he is in one and taking advantage of more than one program. That is how I started out, and where I was coming from.

I don't care to compile all of these records without it having some meaning and to be able to put to some use. That is where I am having my problem.

Ms. DAWSON. Mr. Shays, if I could mention the fact that in the JOBS Program, there is no problem with individuals being coenrolled in other programs. In fact, it is expected in the JOBS Program, that we maximize the other resources and services that are available so individuals are referred to JTPA and to other programs to get whatever employment or training services they may be able to get in that system. That is part of the effort to integrate the JOBS Program and JTPA to the extent possible.

Mr. SHAYS. I make an assumption, obviously we are trying to coordinate different programs. I am troubled by the fact that I am aware of so many who go into programs who don't get jobs.

I am aware of people who go from one program to another program to another program to another program to another program. I can't believe that this is what we want.

Mr. ROSS. If I could, and I appreciate Karen filling in what I didn't know, which is always a lot. I think our concern is much like yours.

It is not much do we need all kinds of audits of whether money is misspent. It is not that people are dual enrolling in various of our programs at the same time. It is that the programs are not effective.

To me the challenge in front of us is how could we make sure these investments in people yield a real return. And I think at least one of the things we have lacked—I speak from our perspective—is good performance information, good notion of what happens to people after they go through these experiences. And—

Mr. SHAYS. Why don't we just take that point? You said the JOBS Program is a good program. Could you tell me, first, how many people you serve in the JOBS Program?

Ms. DAWSON. Roughly 520,000 participants each month are enrolled in the JOBS Program.

Mr. SHAYS. How many different people does that amount to in a year?

Ms. DAWSON. We just keep the data basically that way, on average, we are talking about that number of individuals.

Mr. SHAYS. I would think you would want to know how many different people you serve each year. What is the percent of the targeted population that you think you are reaching? 100 percent? 50 percent? 20 percent?

Ms. DAWSON. Well, we have seen an increase of about 20 percent of individuals participating in the JOBS Program.

Mr. SHAYS. I am sorry, how many?

Ms. DAWSON. Twenty percent increase.

Mr. SHAYS. I don't understand. I don't understand. 20 percent of the targeted people or 20 percent increase in the targeted people?

Ms. DAWSON. 20 percent increase in the targeted people.

Mr. SHAYS. How many people are you serving in the targeted group?

Ms. DAWSON. Well, let me say this, as far as those individuals who are mandatory participants in the JOBS Program, in terms of the AFDC program, we have some, 14 million individuals, of which about 9 million of those are children, and we have basically served about a third of the population in the JOBS Program. There were approximately 14.2 million recipients of AFDC in fiscal year 1993,

of whom about 9 million are children. Of the 5 million adults on AFDC, approximately 1.9 million are subject to the requirement to participate in JOBS—mandatory recipients. Mandatory recipients, therefore, constitute approximately 38 percent of the entire adult population. There are approximately 520,000 participants in JOBS each month—or about 10 percent of the total AFDC adult population.

Mr. SHAYS. You served 3 million?

Ms. DAWSON. Roughly, about 3 million.

Mr. SHAYS. Why do we say this program is a success?

Ms. DAWSON. Well, we are talking preliminarily here. I mean, the program started operating in 1990.

And so we are just beginning to look at States' performance levels in terms of meeting their participation rates, which they did do. The statute required 15 percent in 1994 for JOBS participants and 11 percent in 1993. And all States met that.

Certainly there is a variation in terms of States' performance, but all States became statewide in 1992, and I think, given the preliminary information that we have seen in this program, we would characterize it as a success.

Mr. SHAYS. OK. Define success for me.

Ms. DAWSON. Success from the standpoint of the funding levels. States' ability to tap the resources that were available to them. We had this year roughly \$1.1 billion available from the Federal entitlement program, and we expect States to spend \$900 million of that.

Mr. SHAYS. You are defining success to me by saying that they are spending the money?

Ms. DAWSON. No, I am defining success in terms of how States have been able to draw down the Federal dollars to support the development of their employment and training programs.

And, you know, we have the preliminary findings from the GAIN study as evidence that the program has been successful. We have seen reductions in welfare dependency.

Mr. SHAYS. I want cold hard statistics. I don't want little vignettes and stories. I want cold hard statistics. I didn't ask if this was a successful program. It was volunteered as one example of a successful program.

Ms. DAWSON. This is a national study.

Mr. SHAYS. I know it is a national study, but I don't know what you are telling me. I mean, I don't understand how saying that you have so many people participating make it a success. To me the success is the results of the work.

Ms. DAWSON. I agree.

Mr. SHAYS. So what are the results? And it may be successful. I just want to know that I have a government that has a way to evaluate it.

Ms. DAWSON. Well, the measures that were in the statute in terms of what we are now looking at are the participation rates. I think certainly we all agree that what we need to focus on is more outcome measures.

Mr. SHAYS. So what I hear you saying is that if we get a welfare recipient who is willing to be a part of this program, that in itself is a success that we got them in the program.

And I am not going to discount that as not being insignificant, but I think it is only a tiny part of it. I mean, if we measure it just by who we can get into the program, I want to know from there what constitutes a success.

By the way, the staff is telling me that 10 percent was AFDC, that they are reaching 10 percent of the AFDC population with the JOBS Program, and that the States have only spent about 70 percent of what is available to them.

I throw that out as conflicting information because it was stated and if there is an answer, that is fine, but that is not really my focus. I will conclude, Mr. Chairman, I appreciate your patience—in the end, I want to be able to know that we have a sense that so many welfare recipients got the training and are working and have a job where they get up in the morning, go to work, et cetera.

Now, what kind of statistic do you have on that?

Ms. DAWSON. Again, I have to refer to the study that was done, the evaluation, and the preliminary findings. It was a national study, although the information I gave you was the findings from counties in California, the GAIN Program.

And I would say using that is as illustrative of what an employment and training program targeted to welfare recipients can do. I think it does suggest that when you invest the dollars—

Mr. SHAYS. But what does that national study tell us percentage wise? What did it tell us?

Ms. DAWSON. It told us that we had a reduction in welfare dependency.

Mr. SHAYS. No, no, I don't want to know the general statement. I want to know what statistic did it provide us? What proof that that is true? That is not an unreasonable question.

I am a Member of Congress and you are an important person in the administration, and I am asking you to just give me something I can hang my hat on that says that this program is working, not a lot of generalities.

Ms. DAWSON. I am not sure this is specific enough. But earnings for registered single parents increased 21 percent over the control group, so it said there was some effect on recipients who went through the program.

We had 29 percent of single parents who were working at the end of the follow-up period, and that showed about 25 percent increase over the employment rate for the control group. That is some of the data that supports that.

Mr. SHAYS. Thank you, Mr. Chairman.

Mr. PETERSON. Just to follow up, do we know, are there more people on AFDC now than there were when this started or less?

Ms. DAWSON. When this started?

Mr. PETERSON. When this program started. It started in 1990. Have we reduced overall AFDC?

Ms. DAWSON. No, it has not. The caseload has risen for a number of other reasons.

Mr. PETERSON. Well, but I mean, just being real hardnosed about this, it is real hard to understand how something is working if it is going up.

And I guess my second question is, you have this kind of—you pick out six counties or whatever it is. So I take from that that you have no way to measure this.

There is nothing in place for you to measure whether this works or not. Is that true?

Ms. DAWSON. If I understand—in terms of——

Mr. PETERSON. Yes, do you have a way of tracking these people that are in this program to find out what happens to them nationwide?

Ms. DAWSON. Through our current system, which is a data case management system, we get the information from the States, which basically is how we determine the participation levels that are required by Congress that the States meet. So the extent——

Mr. PETERSON. In that information does it tell you if they got a job and how long they stayed in the job?

Ms. DAWSON. No, it does not.

Mr. PETERSON. Why not?

Ms. DAWSON. The system just has not been——

Mr. PETERSON. Well, I agree with Mr. Shays, it is nice to know how many people are in there, but that doesn't tell us anything. I mean, with this day and age with the computer systems there is no reason in the world that we can't know that information. I mean, it really is crazy.

And I understand part of the reason we are in this mess because we have this GSA system, and you literally cannot buy what you need to buy, it will cost you five times what it needs to cost and it is guaranteed to be two generations out of date. But it is still not an excuse.

I go into the House restaurant and they know what my balance is, it prints out on the slip in 20 seconds. And we say that we can't collect this kind of information. It is crazy.

I tell you that there are a lot of people that are not going to be accepting of the fact that we are going to operate like this anymore in my district and I assume in Mr. Shays's district as well.

I would like to figure out some way to get the information to figure out that this is working or not. I am persuaded that it is probably, but we have no way of really knowing that. The same way with the JOBS, JTPA situation. I have gone into the local JTPA system and looked at their computer system. They can tell me anything I want to know about the 18 county area. But you can't tell me that, I know that because I have checked into that.

Mr. ROSS. What we do have is information on outcomes for that SDA. The question you are saying is should we know—should we have aggregate data or should we have individual data. We have the aggregate data.

Mr. PETERSON. I understand why you made the decision that you made to not superimpose another system because you would have created a mess, which is another thing that questions the ability of the Federal Government to do anything.

But I would like to know from this lady here what format this information comes into your office. I want to know, do they send you an ASCII file?

Ms. GREENE. An ASCII file.

Mr. PETERSON. So they have to provide you an ASCII file for each participant?

Ms. GREENE. That is correct.

Mr. PETERSON. I would like to see that as soon as you get this together.

I have a couple of other questions, if you don't mind.

To one degree or another we have been talking about all of these programs that are going to seek help for these participants to improve their employment situation, so I am trying to understand what is going to happen here.

All of what you are saying it seems to me is going to mean that we are going to need more information about jobs and cooperation from employers in order to accomplish what we are talking about here.

Does this mean that employers are going to get a call from employment service and from JTPA and from the JOBS caseworker and from the VA employment specialist and from the co-op education director? Is that what is going to happen? Are all of you going to call this same employer and get the same information for each of your different situations? Is that how this is going to work to accumulate this information?

Mr. ROSS. It is certainly not our intention of how it is going to work. We have been working with BLS, the various State labor market information leadership and ourselves, to devise basically an information system that is accessible to everyone.

In other words, with the multiple listings, everyone doesn't have to call you to list your home. Once your home is listed, this listing is out there. That is a case of organizing an information system.

What we are talking about having to create now is a place where people who have job openings and employees that have skills to sell, can in a variety of ways, enter that information into the local level common systems that anybody can access.

Mr. PETERSON. What common system exists?

Mr. ROSS. Right now, the only thing that exists that is anything approaching each system is the labor exchange function at the employment service, but it has been losing market share badly because it has gotten into a vicious circle.

It is perceived by employers that high-skilled people don't use the employment service. So, employers don't list high skilled jobs with the employment service, which means people with high skills don't go to the employment service and it kind of builds on itself.

Mr. PETERSON. But do they have a data base capability, in every employment service office?

Mr. ROSS. Not everyone, but many do. Part of what is involved is in the Reemployment Act. One stop doesn't work unless there is a very high quality local labor market information system to draw on.

Mr. PETERSON. Right. And some States are putting that together.

Mr. ROSS. Different States are doing different things so we decided that we would sit down with the different States and BLS, a principal collector of data. Most of the data that we collect tends to be aggregated at the national or State level, and its uses tended to be for policymakers not for individual folks walking in off the streets who are saying I have got to make a decision in my life.

We have been talking about how to begin building that type of system. We have the rudiments of America's Job Bank, but it is not something that has been fully integrated into American labor markets. We are talking about the notion of an equivalent talent bank where those of us who want to get our resume in front of any employer who might be interested anywhere in the country may do that.

There are lots of networks out there already that can be accessed. It doesn't have to be some hard wire thing we build. So what the States and BLS are now talking about is a vision. And I would be happy to get you information on what it would take to put together or to encourage States and localities to build information systems that could be accessed by anybody. Because you would like to get on it if you are a high school counselor, or an employer or an employee at some point in your own home.

Mr. PETERSON. But you cannot even talk to each other. How in the world are you going to include the HHS and Labor and Education. Your computers don't talk to each other.

Mr. ROSS. We don't have to clarify talking to each other. We do talk to each other. But what we need—

Mr. PETERSON. But your computers cannot talk to each other.

Mr. ROSS. But we are not the local labor market information system. That is the point. What we need to encourage is local labor market information systems to be organized so that anyone in that community—

Mr. PETERSON. But you can't even figure out how to communicate amongst yourselves. How can you help those people at the local level? I am inclined to believe that you are going to be more of a problem than a solution.

In your one-stop shopping deal, you are going to say that this consortium can be the PIC, it can be the employment service, it can be the community college, it can be some for-profit agency, there is going to be some decisionmaking at the local level to decide what the best entity is for that area; is that how it works?

Mr. ROSS. No, it isn't, really. There are two options: A competitive option in which any one of the institutions can get into the one-stop business and the money follows you where you go, or a consortium of organizations, not any one, but a group of them decide to get together to operate a one-stop brokerage system.

Mr. PETERSON. But in that process, as I understand it, if the employment service wants to have it, they get it.

Mr. ROSS. Wrong.

Mr. PETERSON. I was told that that was—

Mr. ROSS. They can be a member of the consortium if they want to, and if there is a competitive system like anybody else, they may be a competitor. Nobody gets presumptively a monopoly on this system.

Mr. PETERSON. Why do people think that?

Mr. ROSS. Because it is in the legislation—oh, why don't people think that the employment service—rumors, I saw.

Mr. PETERSON. They claim it is in the bill.

Mr. ROSS. I would be happy to go through with your staff and review the specific language in the bill.

Mr. PETERSON. I guess I would like to do that, because if that—and I am glad to hear that is not the case because if that was the case, I think you are creating a recipe for disaster there, you know.

Mr. Shays.

Mr. SHAYS. Just one last question that is kind of broad. We have 14 agencies. GAO says 154 programs. I understand there is a disagreement as to what is a program and what is not.

What agency of the 14 is taking the lead to coordinate interaction? Who is doing this?

Mr. ROSS. It is at this point being done in a couple of ways. It is being done as Cabinet-level Secretaries initiate contacts and begin talking. And there is a discussion being organized outside of the White House, which is a way also to bring together folks; it is happening at both levels.

Mr. SHAYS. My sense so far to date there is no one person and no one agency that has been given the mandate to start to coordinate activities and without that, it is going to be almost on a voluntary basis.

I would like to suggest that you all go back to your people and your supervisors and suggest that one—some one person has this ultimate accountability because otherwise I don't think it is going to happen very well.

Thank you.

Mr. PETERSON. I think that is a good point. Unless we create some kind of a czar here to bring these folks all together, it probably is not going to happen. You know, it seems to me that the fact that Secretary Reich and Secretary Riley have this kind of relationship, they made this school to work thing happen because they were bound and determined to make it happen. But we are not always going to have that situation. And that is part of the problem.

I mean, we commend them for what they are doing. We commend you, Mr. Ross, for what you are doing, but it is a long ways from where we need to go. And I am very frustrated that we don't have any information about these programs, whether it be job training or the JOBS Program or any of these other. I mean, I think you folks better get on the stick and get this information.

You are going to be in trouble. Congress is about cutting the budget, and we are getting these IG reports and if you can't justify and answer those criticisms, then a lot of folks are not going to vote for these things anymore.

And I am very concerned about moving welfare in the direction of job training when we don't even know how to do this and think that that is going to be any kind of solution. I mean, I am for putting these people to work, but we don't have the answers. We have a lot of questions and a lot of complaints.

We appreciate you being with us today. We are going to continue to take a look at this through this subcommittee, and we would like to get this information back, whatever you have, as soon as possible so we can see what is going on. And we will continue the dialog.

We again want to thank you all very much for coming by, and the subcommittee will stand adjourned.

[Whereupon at 12:25 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



MAY 26 1994

The Honorable Collin C. Peterson
Chairman
Employment, Housing and
Aviation Subcommittee
Committee on Government Operations
U.S. House of Representatives
Washington, D.C. 20515-6143

Dear Chairman Peterson:

Thank you for your letter in followup to the May 3 hearing of the Employment, Housing and Aviation Subcommittee. I wish to clarify my response to you regarding the role of the Employment Service (ES) in the proposed One-Stop Career Centers.

The Department of Labor's proposal, as contained in the Reemployment Act, offers States and local jurisdictions broad flexibility in how to implement the One-stop Center systems in each service area. The Governor, in conjunction with the local elected official(s) in each service area can choose from the two options provided: (1) the Multiple Independent Operator Model (competition for customers between two or more career center operators); and (2) the Consortium Model (a collaboration of comprehensive programs and services) with customer choice and universal access required features of each.

As you note, there is a "Special Rule" which exclusively pertains to those cases where the Multiple Independent Operator Model has been selected and, therefore, more than one operator in a local area--e.g., the E.S. and JTPA--are selected to be the one-stop career centers. The special rule basically states that if the ES (or its consortium) meet the selection criteria in the local area, it shall be selected as one of the operators.

In my view, this ensures that the ES will have a chance to participate. It will not have a "presumptive monopoly," as I called it in my testimony, for two reasons:

(1) In those cases where the ES is chartered under the special rule, some other entity will also be chartered to compete for customers by providing high-quality services. This will create a market-driven approach where the best providers will be rewarded with the most customers and, hence, the most resources, and will ensure that nonperforming government monopolies are not exclusively selected.



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(2) All operators, including the ES, must meet clear performance criteria established by the Secretary, in consultation with the Governor. The One-stop Career Centers that do not meet the performance standards for two consecutive years would have their charter revoked, and another entity would be selected to run the center. In effect, a non-performing operator, which could be the ES, would be put out of business in that local area and a more effective operator would be given the charter and resources to deliver one-stop services.

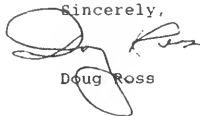
We believe it is important to offer customers of the one-stop career center system a choice of where to receive basic services. Our objective is to have the most efficient, effective, and high-quality operators run the system.

The ES has operated a basic labor exchange system in this country for over 60 years. A large State infrastructure of offices, 22,000 staff, and other resources--such as automated job banks and labor market information--exists throughout the nation. While we acknowledge that ES has not been as effective as we would like in all cases, there are also examples of States using ES together with local communities and other programs to begin building new and useful approaches to workforce development. It is not our intent to "favor" the ES, but to enable it to be a player in the one-stop center system. Our position on the future of the ES is very clear: we think a strong Employment Service can be a critical part of an American reemployment system and we are committed to working actively to increase its effectiveness.

Our proposal does not allow ES to continue "as-is" in any labor market that becomes a One-stop area since it must either become part of a new consortium entity or it must compete with other One-stop operators. Local ES resources for labor exchange activities (as well as other program funds) will be available to all one-stop operators in the community. We believe that ES should not be simply stripped of its resources without an opportunity to participate and transform itself, together with other employment and training programs, into a new system to better serve customers. As mentioned above, if ES does not perform, it will lose its opportunity to function in that local labor market.

I am sorry for the misunderstanding in our discussion at the hearing. I hope that this letter helps to clarify how we see the ES role in the One-Stop Career Center system.

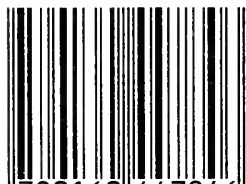
Sincerely,



Doug Ross

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ISBN 0-16-044784-4



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